

5-31-2018

# The Emergence of Private Governance in a Nonwestern Context: The Case of South Korea

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THE EMERGENCE OF PRIVATE GOVERNANCE  
IN A NONWESTERN CONTEXT: THE CASE OF SOUTH KOREA

A Dissertation Presented

by

Jinyoung Kang

Submitted to the Office of Graduate Studies,  
University of Massachusetts Boston,  
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May 2018

Global Governance and Human Security Program

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THE EMERGENCE OF PRIVATE GOVERNANCE  
IN A NONWESTERN CONTEXT: THE CASE OF SOUTH KOREA

A Dissertation Presented  
by  
Jinyoung Kang

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ABSTRACT

THE EMERGENCE OF PRIVATE GOVERNANCE

IN A NONWESTERN CONTEXT: THE CASE OF SOUTH KOREA

May 2018

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This dissertation investigates how a non-western country engages with global private governance architecture. Although the term private governance appears to suggest a transnational and international context, some authors emphasize that private governance is concentrated in specific regions, such as the industrialized world or their hosting developing countries. Little is yet known of the circumstances conditioning the participation in private governance from non-western countries. In this context, this dissertation addresses how national political structures constrain or enable the participation of actors from South Korea in the International Organization for Standardization (ISO). Answering these questions requires following the two global private standards as case studies - ISO 14001(Environment) and ISO 26000 (Labor) - in the context of South Korea to provide a rich empirical characterization of how global private initiatives diffuse. By contrasting local participation in the two ISO standards through political policy, state-society relations and the pattern of perception of local actors from these two cases, this

dissertation will provide valuable insight into how global private environment and labor standards are locally perceived and localized comparatively. As labor market are themselves gendered institutions which reflect the socially constructed division of labor between men and women, the dissertation examines how the private labor standard enable or constrain to the employer the marginalize the Korean female labors by penetrating patriarchal and neoliberal labor reform policy. By rethinking of conventional approaches to private labor governance from the gender perspective, this dissertation aims to explore the voluntary nature of the private labor standards through the historical, cultural and structural causes of gender-based inequality. In order to explore the hegemonic struggles among the states, business, and civil society over the environmental and labor issues in Korea, this study proposes a neo-Gramscian hegemony concept to examine the changing role of states in constructing hegemony, and the unique institutional foundation of their power relations in the development of Korea's private environmental and labor governance.

## DEDICATION

I dedicate this dissertation to my parents and my siblings for a long commitment to support and encourage me to finish my work. I also dedicate it to my husband, Dr. C.K. Lee, my mother in law, Maehee Yea, my son, William Vio and my daughter Isabella Via for your love, faith, and patience to understand over these many years of schooling and research.

## ACKNOWLEDGMENTS

It is a particular pleasure to record my thankfulness to a number of individuals who have given me help and encouragement over the period in which this dissertation was written. I would first of all like to acknowledge with deep gratitude the PhD committee, Dr. Craig Murphy, Dr. Jane Parpart, Dr. David Levy, and Dr. JoAnne Yates for their valuable advice and review. I would not have been able to accomplish my dissertation without their consistent guidance and support.

Most of all, I wish to express my highest appreciation to Dr. Craig Murphy serving as a chair of my committee for sharing her faith in this dissertation, his constant encouragement over many years, and giving me constructive feedback on my dissertation as it progresses and completes. He has read every pages of this manuscript, and his intellectual contributions have been invaluable. His well-calibrated mix of support and tough questions has shaped my approach to the discipline in many ways. My special gratitude goes to Dr, Jane Parpart for numerous suggestions on improvements of the gender analysis and Dr, David Levy for providing many details for the theory development.

To all immediate colleagues from Global Governance and Human Security Program at UMASS Boston, I here express my more than grateful recognition. My foundational cohorts have also been an irreplaceable part of the thinking and writing dissertation process.

Finally, I could not have made it through this process without the support of my wonderful family. My parents made me the intellectually curious person. My husband has helped me keep things in perspective the whole way through. But mostly, I could not have done this



without my husband, Dr. C.K. Lee and my mother in law. They have been my most ardent supporter from the very beginning, believing in me.

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## CHAPTER 1: INTRODUCTION

### 1.1 Background

This dissertation investigates how a non-Western country engages with the global private governance<sup>1</sup> architecture. Although the term “global private governance” implies a transnational and international context, some authors emphasize that private governance is concentrated in global North perspectives (Gray & Murphy, 2013; Knorringa & Nadvi, 2014; Nadvi, 2014; Peña, 2014). Little is yet known of the circumstances conditioning the participation of non-Western countries in global private governance. Additionally, most research on global private governance has focused either on theoretical accounts of the international phenomenon from a Northern perspective or on empirical studies of the Western MNEs and their solution to particular global governance challenges (Gugler & Shi, 2009; Jamali & Karam, 2016).

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<sup>1</sup> While a variety of definitions of private governance have been suggested, the terms of private governance, in the broadest sense, share three common characteristics: 1. These programs operate independently from government agencies or laws. 2. Private governance is specific to the demands and properties of a given industry, related set of industries or commodity market, and programs are designed to be applicable worldwide: 3. Programs must be able to accommodate in their rules and procedures, a variety of national and industry conditions, both market and nonmarket in character (Beisheim & Dingwerth, 2008).



To address these gaps in the existing research on global private governance, this dissertation addresses how national political structures constrain or enable the participation of actors from South Korea in the International Organization for Standardization (ISO). Answering these questions requires careful case studies of how two global private standards - ISO 14001(Environment) and ISO 26000 (Labor) – function in the context of South Korea, in order to provide a rich empirical characterization of how global private initiatives diffuse. Using official policies, state-society relations, and local actor's perceptions to illustrate the differences in local participation between these two ISO standards, this dissertation will provide valuable insight into the comparative localization of global private environment and labor standards. In addition to the comparative cases of the environment and labor, I examine the labor issues a gendered approach to private labor governance might embrace and apply this scrutiny to the social problem of the Korean women in the marginalized form of employment such as irregular positions in the global economy. As labor market are themselves gendered institutions which reflect the socially constructed division of labor between men and women (Beneria, Floro, Grown, & MacDonald, 2000), female and male laborers face different types of challenges under the liberalized the labor market. Thus, analyzing the construction of gender statement and policy on the CSR reports, I examine how the private labor standard enable or constrain to the employer the marginalize the Korean female labors by penetrating patriarchal and neoliberal labor reform policy which Korean women are vulnerable to hiring discrimination, health insurance benefit, and career promotion. By rethinking of conventional approaches to private labor governance from the gender perspective, this

dissertation aims to explore the voluntary nature of the private labor standards through the historical, cultural and structural causes of gender-based inequality.

In contrast to the existing literature's main emphasis on the relationship between corporations and NGOs in private environment and labor governance (Levy & Newell, 2005; Levy, Reinecke, & Manning, 2015), this dissertation examines the active role played by national government and national business groups in shaping South Korea's relationship with global private standards. In order to explore the hegemonic struggles among the state, business, and civil society over the environmental and labor issues in Korea, this study employs a neo-Gramscian concept of hegemony to examine the changing role of states in constructing hegemony, and the unique institutional foundation of power relations in the development of Korea's private environmental and labor governance. Grounded in a neo-Gramscian perspective, the dissertation considers the value regime as a contested field of struggle, with actors competing and co-constructing their interests and positions (Levy, Reinecke, & Manning, 2015). Since East Asian societies typically follow a hierarchical model of state-society relations and feature powerful national business groups (Chaebols) and weak traditions of civil environmental and labor organizations (i.e., NGOs, and labor unions), these variables distinguish East Asian political economy and suggest a perspective that is distinction from the Northern and Southern perspective on framing the global private governance regime.

There is considerable interest among scholars in understanding the emergence and diffusion of nongovernmental, and/ or private authority regimes in global governance (Büthe & Mattli, 2011; Cashore, Auld, & Newsom, 2004; Cutler, Haufler, & Porter, 1999;

Haufler, 2006; Meidinger, 2006; Prakash & Potoski, 2006). Private governance and non-state centric authority have become a central issue for global governance and international relations. Private governance takes many forms: standards governing a vast range of environmental, labor, health and product safety issues; a code of conduct created by corporations, industry associations, and non-governmental organizations (NGOs) under the banner of the Corporate Social Responsibility (CSR); and certifications that rely on consumer demand for green and fair trade products (Vogel, 2013). According to World Bank estimation, there are now more than one thousand industry codes establishing various forms of private governance, most of which address labor and environmental standards in the areas of agriculture, natural resources, and manufacturing industries (Smith & Feldman, 2003).

While the rapid expansion of the quantity and range of private governance literature, it has become increasingly apparent that there are high degrees of fragmentation in empirical, methodological, and theoretical perspectives on private governance. As a result, the studies of private governance have grown more complicated, making it harder to focus on the private governance architecture as a whole. There has been little integration between these research domains empirically, methodologically and theoretically.

Theoretically, while the rise of private authority in international relations has received much attention (Cutler et al., 1999; Hahn & Weidtmann, 2016; Scherer & Palazzo, 2011; Strange, 1996), the spectrum of literature in international relations tends towards two extremes. Some scholars have taken positive perspectives on the role of non-state actors, such as business and civil organizations, as participants in global governance that fulfill a

deficit or gap (Palazzo & Scherer, 2008; Strange, 1996). This perspective mainly results from the fact that private governance has in many cases emerged where government capabilities proved to be lacking or insufficient. Drawing on the theory of deliberative democracy, which emphasizes the importance of participation and deliberation, these scholars see private governance as an alternative means of addressing global governance problems such as environmental protection and sustainable development (Hahn & Weidtmann, 2016; Murphy & Yates, 2011; Palazzo, 2008).

On the other hand, some scholars have been critical of private governance and seeing it as corporate "green washing" and an extension of neoliberal economic ideology (ex. Bartley, 2007; Fuchs & Kalfagianni, 2010; Guthman, 2007; Lipschutz, 2005; Lipschutz & Rowe, 2005; Locke, Amengual, & Mangla, 2009; Nölke & Graz, 2008; Scott, Vandergeest, & Young, 2009; Sklair & Miller, 2010). The main theme in this literature are that private governance lacks democratic and transparent participatory structures (Fuchs, Kalfagianni, & Havinga, 2011), that certain powerful groups enjoy privileged access (Nölke & Graz, 2008), and that certain issues (ex. gender inequality) (Newell, 2005) and actors from the global south are often marginalized in these participations (Barrientos, McClenaghan, & Orton, 1999; Clapp, 1998; Peña, 2014). Based on these characterizations, global private governance and norms are often portrayed as being imposed from abroad, and are associated with neoliberalism, transnational elites or Western hegemony (Khan & Lund-Thomsen, 2011; Lund-Thomsen, 2004; Wright, Wood, Khan, Westwood, & Boje, 2010). However, while these two perspectives – the democratically idealistic and the critical – dominate the existing private governance scholarship, these two strands of

literature cannot satisfactorily account for changes in global governance and how which domestic politics and actors engage with private governance issues.

Methodologically, despite the diversity of their research questions and empirical cases, many of these methodological models imply a hierarchical relationship wherein global processes and private governance norms trickle down to local conditions. Since the research agenda in private governance is predominantly driven by perspectives from global North, prevailing explanations largely focus on how Western markets, norms, and networks motivate the creation and diffusion of private governance by Western MNEs, Western NGOs (Peña, 2014; Wright et al., 2010). In addition, scholars examine Western MNE's impact in developing countries through global production networks and globalization (Elias, 2008; Lund-Thomsen & Lindgreen, 2014). As such, the key flaw in contemporary scholarship on private governance and related works of literature on global governance is that they are mostly limited to assessments in Western countries (Peña, 2014). As a result of these studies' top-down methodological approach, they have portrayed national politics are portrayed as inefficient or passive in engaging with private governance. They have tended to underestimate domestic political conditions and their influence on the uptake of global private governance, although scholars have recently begun to put more emphasis on the importance of domestic conditions for engagement in global private governance (Berliner & Prakash, 2013, 2014; Bernstein & Cashore, 2012; Cao & Ward, 2016; Hale & Roger, 2012; Roger, Hale, & Andonova, 2016). Engagement in private governance varies enormously across countries, due in large part to the different domestic political contexts in which actors are embedded (Roger et al., 2016).

Empirically, specific private governance issues and certification forms been studied more frequently, while other issues have received less attention. For example, environmental issues have gotten a great deal of attention whereas other issues, such as gender, have been marginalized. Although the range of existing standards is quite wide, the vast majority of studies narrowly focus on environmental topics, namely Fairtrade and organic issues, as well as the Forest Stewardship Council (Alvarez & Von Hagen, 2011; Bernstein & Cashore, 2012; Cashore et al., 2004; Gulbrandsen, 2008; Pattberg, 2006). As an illustration of this trend, Alvarez and Von Hagen (2011) conduct a systematic literature review of the impact of private governance in developing countries found that publications from 1998 to 2010 mostly covered the agriculture and forestry sectors such as coffee and forestry, fish and seafood. Gender issues and others have tended to be relatively neglected in the literature. Much is known about environmental private governance, particularly its effectiveness, its motivations, and its links with globalization and sustainability -while labor and especially gender issues have been marginalized. The mainstream work has not considered gender except occasionally to mention women through the codes of conducts or private labor standards as a categorical variable (Barrientos, Dolan, & Tallontire, 2003; Barrientos et al., 1999). In addition, the scholarship has tended to overlook or take for granted the mechanism underlying the development of issues addressed by private governance. Scholars of private governance or CSR rarely consider such questions, even though the environment and labor/ gender are equally important elements in constructing the field of private governance. Thus, examining the uneven adoption of the environment, labor and gender issues in the development of private sustainability standards is critical because of its implications for the effectiveness and shape of the private governance

architecture as a whole. The fragmentation and uneven adoption of private governance's environment, labor and gender issues could lead to a biased understanding. Studies recognize certain dynamics at work for certain issues, and the legitimacy and effectiveness of creating private standards for them, but so far we lack empirical work that cut across issues areas.

To fill this gap, this study intends to offer an empirical assessment of the private governance phenomenon by collecting new data from South Korea that have emerged over time. As mentioned above, the existing literature tends to explore the private governance in the Western context or the implications of Western private governance for developing countries. Thus, little is known about the global private governance's implications in the context of non-Western countries, and we have no reliable way of knowing whether global private governance can be truly universal. Therefore, this dissertation speaks to the private governance in East Asia. For this reason, the main research questions ask how domestic actors in the non-western context engage with, and contribute to, the process of developing private governance standards to regulate the environment and labor issues.

This dissertation looks at South Korea, which provides an interesting case in terms of size, national business groups (Chaebols), and a tradition of state-led development<sup>2</sup> and preferences for policies to promote economic growth. Other studies offer a variety of reasons why local actors develop, align with, defect or stay away from different private governance issues. By taking the preferences and interests of domestic actors as the starting

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<sup>2</sup> The Korean government, which drove the nation's economic development through strong state intervention, is a paradigmatic example of a "developmental state" (Johnson, 1999)

point, this dissertation focuses specifically on government. Government initiatives notwithstanding, the development and adoption of domestic private governance by national business actors is crucial factor for in determining whether regulatory activities of private governance in South Korea are fragmented or cohesive. By investigating the pattern of how domestic private standards are constructed and what degree, I seek to uncover the mechanisms by which domestic political, economic, and social variables in a non-Western context can systematically support or constrain actors' perception of engagement with global private governance.

To explore the fragmentation of private governance architecture, I use comparative analysis of the phenomenon of private standards in two issues: environment and labor. These issues demonstrate a range of different trajectories: emerging cooperation on environmental issues, continued fragmentation regarding labor issues, and marginalization in gender issues. This study then focuses on the situation since the mid-1990s and develops case studies of two specific sustainability standards: the environmental standard ISO 14001 and labor standards in ISO 26000. Each ISO standard discussed in this research has produces a different set of social expectations, such as improving environmental stewardship, protecting labor rights, and enhancing gender equality, especially after the IMF-driven neoliberal reform of the traditional developmental state following the financial crisis of 1997. For example, ISO 14001, regarded as the most widely-used environmental standards worldwide promotes sustainable environmental practice through the development of a corporate environmental management system, whereas ISO 26000 encourages adherence to a universal declaration regarding human rights, environmental



protection, and labor standards. I examine each issue area by asking: how are different private governance for sustainability standards constructed differently?

While this study directly compares the environment and labor issues, with regard to gender perspective, there is no overarching gendered theories and analyses of private governance. The large existing literature has largely ignored gender and gender-blind. Under this circumstance, rather than taking a woman as a problem or solution to the gender issues in private governance, this study is gendering the existing concept of private labor governance through the case of CSR report.

In South Korea, despite the country's tradition of state-led development and governmental economic regulation, the practice of private government in the forms of CSR has been expanding dramatically, and private standards have grown exponentially over the last few years (Lim & Phillips, 2016; Shin, Hur, & Kang, 2016). However, we still know little about the direct and indirect implications these new regulatory forms have on the environment, and labor practices in South Korea, or how they are established within localized policy domains that govern environment and labor rights issues to varying degrees. Thus, as noted above, the present study looks at the diffusion of private governance in emerging markets by examining the participation and compliance of local actors- such as emerging multinational companies (Samsung, LG, and Hyundai), a strong developmental state and domestic NGOs-regarding two different voluntary standards: the ISO 14001 and ISO 26000 regime. Additionally, there is significant variation regarding issue salience. For example, the global private governance systems for environmental issues have been highly institutionalized through 'win-win' hegemonic discourse (Levy &

Brown, 2011) that directly associated them with the notion of sustainable development in South Korea. On the other hand, the labor issue, and particularly gender inequality, is seen as relatively unimportant, and for these issues, private governance mechanisms are largely absent. In other words, while environmental management is seen as a global governance issue or challenge, the gender or employment issue has been viewed reductively as individual or domestic problems.

The empirical case study analyses are supported by a theoretical framework that uses the particular content of national cases to bridge the dichotomy relationship between positive (governance), and critical (government) approaches. The framework draws from a value regime, described in the second part of chapter 2, developed by David Levy and his colleagues in management studies that conceptualizes a field of struggle, both collaborative and conflictual, to construct, challenge, or defend value regimes (Levy et al., 2015). The value regime provides the common ground necessary for integrating these two fields. Levy allows for a more inclusive and more critical analysis that reassesses some of the fundamental assumptions of the current private governance scholarship (Levy et al., 2015). Incorporating elements of optimistic and critical perspectives towards private governance, this framework views private governance as an integrated set of economic, political, and discursive systems in which market and political power are intertwined. By extension, this research argues that the uneven adoption of private standards is due to the private standard's various ability not only to articulate an attractive vision that connects to the interests and identities of broad groups, but also translate these visions into viable policies and economic processes that explain 'value regime' (Levy et al., 2015). Within this complex framework, this research aims to use Korea's political and economic context to

further explain the discourses at work in Korea's private environment and labor governance by observing 1) how the government secure hegemonic power by diffusing their power to business, civil society, and 2) how Chaebols and NGOs support or constrain the adoption of private governance. While assessing the environment and labor standards through the value regime comparatively, this study aims to complement the comparative case study by proposing an alternative perspective that uses a gendered approach for understanding the construction of private governance, with a focus on men and masculinities. It draws inspiration from the scholarship on men and masculinity, particularly the work of Connell, who explain how particular forms masculinity are sustained, reproduced and privileged in the private governance discourses of a predominantly masculine sector, Chaebols, in South Korea (Connell, 1995). Instead of treating men and women as a simple category, the men and masculinities provide the fruitful approach to see gender as a system of social relations.

In the remainder of this chapter, I summarize the research design, which draws upon qualitative interviews and comparative methods to examine how private sustainability standards are constructed to different degrees. Following this summary, I elaborate on how I selected the two standards that form the heart of this study and the comparative methods used to analyze each case within and across three issues: environment and labor. Finally, I offer an overview of this dissertation project and its contributions.

## 1.2. Research Design

### 1.2.1. Case selection

Among the numerous ISO standards, two cases of private regulation are the focus of this analysis: ISO 14001 (Environment) and ISO 26000 (Labor). This research views global private regimes of ISO standards as a mechanism allowing multi-stakeholders to signal their commitment to environmental and labor regimes to different degrees. I chose these standards because they are the foremost standards in their respective fields of sustainability. For example, ISO 14001 is the most widely-adopted standard in corporate environmental management, while the ISO 26000 is the world's most popular corporate social responsibility initiative regarding labor and gender. Although the ISO 14001 and ISO 26000 do not represent the full spectrum of current global private governance initiatives addressing labor, gender, and environmental questions, they have certain characteristics in common or are at least similar across two characteristics while differing on the particular issues they address. First, the ISO has the global agenda with a clear functional discourse that attempts to transcend inter-state law based structures and provide governance through the standards mechanism (Ward, 2011). Second, the ISO is recognized by the main international organizations and most national government as relevant parts of the global governance architecture (Murphy & Yates, 2011).

To empirically study how the practice and meaning of global private governance are shaped through multiple stakeholders' interactions in the non-Western contexts, this dissertation employs cross-case comparison with an in-depth understanding of each case and identifies the common mechanisms that explain the unevenness of and variation in

engagement with global private governance issues. I select two ISO standards for a cross-case and a within-case analysis. These ISO standards are useful for seeing how local actors advocate or constrain the overall shaping of different global private sustainability standards issues as a whole. This examination of ISO standards serves as a window into the more extensive processes of domestic politics in an era of global capitalism. This research can shed light on the strategies, opportunities, and constraints of private standards as forms of governance, as well as help us make sense of the various claims about private sustainability standards and the various contexts in which they are constructed. These ISO standards have served as pioneering projects for the development of social and environmental standards, yet all show different trajectories of development and have different implications for the global economy as an important source of regulation in the global private environment and labor governance. Moreover, despite their successful performance over the past half-century, ISO standards remain a largely unstudied topic in global governance (Murphy & Yates, 2009). Therefore, by studying ISO 14001, and ISO 26000 in-depth, this dissertation also fills a gap in the empirical literature.

However, this case selection still contains some ambiguity in the case of ISO 26000. For example, the boundaries between labor and gender issues and sectors are fluid and uncertain. Although gender is an element of the labor issue ISO 26000 addresses, it also presents issues that are distinct from labor issues. Furthermore, gender issues are being only marginally mentioned in the ISO 26000 labor standards. Also, the gender indicators in ISO 26000 are designed for full-time positions whereas the gender labor issue is mainly related to irregular workers. Auld (2014) has argued that the way in which a private governance scheme defines problems has important boundary-creating implications for the

scheme's functioning, as well as for its potential on-the-ground impact. The same can be said of the ISO 26000 regarding labor and gender issues because its definitions influence the scope of policy intervention, the private governance schemes that are targeted or impacted, and the potential for the ground effects. To complement the limited information and resources on gender issues in ISO 26000, I employ an alternative gendered approach to understanding the construction of private governance, specifically regarding CSR, which focuses on men and masculinity<sup>3</sup> in Korea: I use the Chaebols' CSR reports as a primary data source to examine South Korean corporate gender policy and performance on gender equality issues in the workplace. This alternative approach to gender and private governance provides significant empirical evidence that shed some light on how women's voices are still marginalized in the private governance discourses in the form of CSR.

In the specific national context of South Korea, these cases share common factors. The government primarily introduced both of them, and they became the principal standards for private environmental and labor governance in South Korea. However, there are also major differences between these two ISO standards. First, ISO 14001 is widely adopted and highly visible, whereas local actors have low recognition of ISO 26000. Second, there is the apparent difference in the level of participation of actors from each case in the standard-setting process. As will be discussed, ISO 14001 is regarded as a successful case, and in fact, South Korea is considered a world leader in the area of private

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<sup>3</sup> Masculinities offer a theoretical framework and research tools for examining men's and women's relationships within culturally gendered practices in particular societies. Masculinity research has grown enormously in the past few decades, resulting in much more sophisticated empirical and conceptual work that rejects binary gender roles and emphasizes power, multiplicity, and hegemony (Davis & Connell, 2014).

environmental programs. ISO 26000 has far less participation and is considered much less successful.

### 1.2.2. Methodology

To empirically analyze the emergence of greater or lesser adoption of private regulation in two sustainability issue areas in the South Korea context, the dissertation employs a cross-case comparison method along with historical process tracing. This is essential to untangle the multiple drivers of private governance patterns. What follows is a discussion of the rationale behind comparative cross-case approach followed by that of historical process tracing.

The comparative method can be a powerful technique for drawing causal inferences from a small number of cases (Lijphart, 1971). While most studies have analyzed private governance -setting in single sectors (Espach, 2009; Locke & Romis, 2010; McGuire, 2014), this cross-sector analysis of the dynamics of standard setting suggests that it is driven by both sector-specific contingencies and experiences. An increasing number of scholars have used comparative case studies in their analyses of private governance, and point out the importance of these studies and their contribution to private governance architecture (Bartley, 2007; Cashore et al., 2004; Turcotte, Reinecke, & den Hond, 2014). Consequently, making this comparison across issues allows one to better understand ISO standards as a general regulatory form and provide a good deal of analytical power for understanding the rise of private regulatory systems rather than government regulation. Due to the unevenness in the adoption of global private standards all over the world, this

method allows us to understand the commonalities and differences between diffusion processes. Locke, Rissing, & Pal (2013) point out the need to examine the processes through which “specific issues are addressed on the ground within and across different governance regimes to truly understand how these alternative approaches to labor and environmental regulation interact” (p. 520). Comparative studies may reveal that private governance is not limited to a given territory nor structured by national traditions of regulation and interest, but rather, to a significant and growing extent, private governance is structured by external forces and shaped by the globalization process. At the same time, the study of international relations can provide insight into how a variety of forms of domestic engagement with private governance evolve in the context of global governance. The significant challenge, therefore, is to understand how private governance systems are combined across different countries and how they may facilitate or impede private governance.

Second, the selection of ISO 14001 and 26000 reflects the application of the method of difference, which is useful for exploring the causal mechanism. In the context of South Korea, environmental issue has a cohesive pattern of private governance adoption while the labor issues have more fragmented patterns of adoption. The case of labor was chosen as a negative case wherein the government set the agenda, as the use of the ISO 26000 standards for the gender issue is absent. In other words, the case of ISO 26000 can be utilized as a negative case against the positive propositions extracted from ISO 14001 case. This contrast allows us to identify the crucial explanatory differences and develop more generalizable conclusions, but it also produces valuable insight into contingencies that affect political private governance in different institutional settings. As Niforou (2014)



points out, the comparative designs in cross-issue comparison make the analysis more productive and help us fully understand the role of interdependencies and power relations in private governance. From this perspective, I select the two cases not for statistical reasons, but for their theoretical relevance to better understanding the fragmentation of private governance issues. The comparative analysis of issues shows how revisions in the design of governance take shape and are therefore highly relevant for assessing and refining theories of private governance. Under this circumstance, making this comparison across issues allows one to better understand global private regulation as a form of governance politics in the non-western context by discussing the resistance and discursive power relations. Moreover, one advantage of working with disaggregated data on the participation of local actors in various issues of private governance initiatives is that it allows the systematic examination of theoretical propositions about the motivations and strategies of different kinds of actors which lead to a causal explanation. Through such in-depth empirical studies, this study provides theory-driven explanations for the causes and consequences of fragmentation of certain private governance architectures, as well as for possible changes in the degree of fragmentation over time.

Third, in contrast to the aforementioned methodology of comparing two standards to discern causal mechanism, analyzing the gender issue in private governance involves the deconstruction of private governance discourses by reviewing the CSR reports, which provide insights into the construction and reproduction of masculinity and power hierarchy. Although CSR reports are designed to be marketing tools that allow an organization to construct a desired image (Banerjee, 2008; Laufer, 2003; Lyon & Maxwell, 2011), they also serve as tools for communication. CSR reports illustrate the social construction and

are a useful tool for examining the gendering of the South Korean workplace (Singh & Point, 2006). Focusing on the discursive construction of gender identity, I analyze how CSR reports portray gendered identities in ways that may influence gender inequality, by examining how the texts reflect women's and marginalized male workers' inferior position in the workplace. In the absence of regulation of CSR reporting on employment in South Korea, I believe that the voluntary nature of CSR reports also offers insight not only into the position of women and marginalized men in the South Korea workplace but also into how corporations choose whether and how to deal with gender inequality.

Using historical process tracing, I analyze the historical co-evolution of public and private governance in the two issue areas and their interactions. The case study deals with the development of the private governance from a historical perspective, from its emergence out of a specific historical constellation through its development as an alternative private regulatory form. Historical process tracing is particularly useful for case study research design since it aims to identify the historical evolution of private governance. Thus, focusing on historical development, ideologies and strategies of labor and environmental movement in the domestic sphere promise to be helpful in assessing and refining theories of the global private governance systems. As Levy states, the field of private governance is cumulative in that interaction patterns between sustainability standards and the emerging value regime have co-evolved over time (Levy et al., 2015). Their relative maturity allows us to observe dynamics over time. The longitudinal process tracing of case studies allows the application of a combination of theories to investigate how global private governance norms diffuse, integrate and sustain political, material and social factors over the long term. This historical process tracing analysis sheds light on the

process by which certification associations emerged, by looking carefully at how strategies unfolded over time and how events helped mobilize moral and material support.

In summary, the empirical investigation starts with a within-case analysis, followed by a comparison across issues. For the within-case analysis, the value regime developed in Chapter 2 will be used as a framework. For each of the two cases, the process of standard setting will be traced from origination to adoption. After this, the findings from the single case study chapters will be compared across cases, with the goal of identifying the factors in the South Korean context that have caused the observed variation. Bierman et al. (2009) argue in their analysis of fragmentation of global governance architectures that “global governance would not have fragmented only if all countries relevant in an issue area subject to the same regulatory framework; participate in the same decision-making procedures; and agree on a core set of common commitments” (p. 36). In this context, using the term “fragmentation” as a relative concept makes it inevitable that the private governance architectures will be fragmented to some degree, as they consist of distinct parts that are hardly ever fully interlinked and integrated (Biermann, Pattberg, Van Asselt, & Zelli, 2009). Through the use of common methodology and framework, I provide new insight into whether and to what degree national disparities in the adoption of standards with very different characteristics – i.e., ISO14001 and 26000 – are shaped by similar factors. To complement the two case studies, the analysis of gender and global private governance explores the discursive processes inherent in the private governance frame to examine how gender relations are addressed from a masculine perspective.

### 1.2.3. Data Sources

The data gathering process for this study consisted of three components. First, primary documents were collected from Korean government websites. These documents include legislation, preliminary legislative reports, statements, press releases of the environment and labor policy in general, and documentation on ISO 14001 and ISO 26000. The official statements and documents of ISO 14001 and ISO 26000 produced by the Korean government, NGOs, and research institutes provide evidence of policy rationale, detailing the motivation and contents of the policies. This policy rationale offers significant insight into what the policy is intended to achieve and therefore helps to identify the underlying motivation for it. As this research is interested in the discourse of private governance rather than its effectiveness or outcomes, the way national environmental and labor policy is organized and described by the government provides crucial information.

Second, the stakeholders were interviewed, because the two case studies aim to understand how each policy was determined by examining who was involved in decision-making, and how and why the policy was given priority in a government agenda. The purpose here is to identify the general interest of all the actors involved in a policy process, including the governments, business, and NGOs. By interviewing the stakeholders, I can determine what the critical debates underlying environment and labor policies were, and whether the interests of business, government, or others prevailed in the ultimate policy structure. Consequently, the data provide new insight into the purpose that these policies serve, primarily whether they were intended to fulfill objectives of domestic policy particular to the national institutions or whether they were intended to foster international

competition; and in either case, how they were variously designed to achieve these goals. I conducted interviews in Seoul, South Korea, where most of the participant organizations were based, between May to August of 2015, and additional interviews were conducted via Skype in the following months with participants in Syracuse, NY, USA, between 2016 and 2017. The interviews each had an approximate duration of 1 to 1.5 hours, taking place at a location selected by the interviewee and audio-recorded with the interviewee's consent. All interviews complied with the University of Massachusetts-Boston Ethics Code and IRB requirements.

I interview a total of twenty-three policy makers, government agents, interest groups, and experts (see Appendix 6). Given a large number of potential candidates and the limitation on resources and time, logic interviewees were selected based on the relevance of their role in each standard to obtain a broader vision of the standard-setting process. I also interviewed representatives from local NGOs involved in areas of incumbency for the global private initiatives to understand their localities' public opinion on the relevance of global private governance in the local context. At the same time, when possible, I asked about their perception of the role of other participants and their relationship with them in adopting the private governance previous decade. Also, since the influence of governmental decisions and policy regarding the environment and labor have had an impact on the participants' attitudes and perception regarding the adopting private governance, I interviewed government officials. Finally, I also interviewed scholars to gain insight into the local relevance of these global private initiatives and to inquire about potential explanations for the resonance of these two programs. Because of the confidentiality agreement with the interviewees, personal names will not be revealed.

The interviews were based on a semi-structured questionnaire that provided a structure of checks and balances to assess the validity of the data. Throughout the interviews, specific topics were addressed, particularly the role of government in the private governance. This study breaks new ground by deepening our understanding of exactly how and under what conditions domestic politics matter for different varieties of private governance issues addressed by ISO standards. Specifically, this research considers how national-level factors systematically condition local actors' participation in private governance and interaction between public policies and private governance initiatives. The variation in actor-level shape participation in private governance in significant ways. The impact of agency and capacity at the micro-level carries significant implications for further research on the possible scope and limitations of transnational governance's ability to reach the relevant population, particularly in complex and locally-grounded issues such as labor and gender.

Since this dissertation examines data on local participation, I take the preferences and interests of actors as the starting point, focusing most specifically on the government. As the private governance is an initiative of the government in South Korea context, the development and adoption of two standards by multi-stakeholders are crucial for the constitution of private governance in each sector and whole areas of private governance. I conduct the interviews with representatives of the following types of organizations (a detailed list is provided in Appendix 6 at the end of this document):

- CSR Department in Chaebols.
- Business Associations

- CSR consultants
- Environment and Labor NGOs
- National Standardization Bodies
- Academics
- International Organization (UN Global Compact-Korea Chapter)

To gain an understanding of the general participation profile of each program, I specifically analyze the commonalities in answers and comments concerning the motivation for adopting the private standards rather than government regulation. These observations were coded and compared to actors from different standards, which required that I classify local participants in the two case study initiatives based on the functional orientation of their organizations. The analysis unpacks the differences and similarities in these different actors' views regarding the environment and labor. I mapped the key contentions and struggles that have enabled or constrained progress towards private governance. In so doing, I was able to demonstrate that the many different positions on environment and labor that exist effectively pose a threat and represent consent to hegemonic stability, with an increasing role played by government actors. Also, secondary documents were gathered, including academic articles, news articles, and articles from specialized journals. The dissertation draws from an extensive range of primary sources to find the pattern of local actors' engagement with ISO 14001 and ISO 26000.

In contrast to interview data and documents of ISO standards, for the case of gender and private governance, I selected the CSR reports to examine how Chaebol enterprises in

South Korea perceive their responsibility to address gender inequality through CSR reporting, and discuss how the text of the CSR reports reveals existing gender inequality. The present study examines fifteen Chaebols listed among *Fortune* Magazine's Global 500 companies in 2016, all of which have been important sources of employment and economic growth in South Korea. Instead of looking at a specific sector, I selected the subjects based on their labor market power and their contribution to the South Korean GDP. Although a total of thirty companies were listed in *Fortune* Global 500 in 2016, I ignored some of these companies because they are state-owned companies and beyond the scope of this study. Most of these selected companies have won numerous prizes for their CSR policies and are highly ranked by a number of CSR rating agencies such as Global Report Initiatives (GRI) and the Dow Jones Sustainability Asia/Pacific and Korea Index (DJSI). Since many of companies examined here have won awards for CSR and sustainability policies, this selection provides reasonable insights into responsible corporate behavior (Grosser & Moon, 2008). I have also expanded our research more broadly to include websites, such as recruitment and career-building site. The companies remain anonymous. The descriptive statistics of the sample are shown in Table 1. This thesis intentionally selects subjects from large conglomerates, because they have generally been exposed to greater challenges in public relations due to their larger sales overseas. Thus, these companies are more active in CSR than most small and medium-sized enterprises (SMEs). To systematically investigate gender disclosure in the sample of CSR reports, I use the gender-specific guidelines called 'The Women's Empowerment Principles: Reporting on Progress' (see Appendix 2) produced by UN Women and UN Global Compact (Miles, 2012). The WEP's reporting guidance offers practical advice on how to report on the implementation of the



seven Women's Empowerment Principles (WEP), providing specific examples of disclosure for each principle (Miles, 2012). The guidance aligns with the most prominent sustainability reporting framework, the Global Reporting Initiative (GRI) (Miles, 2012). The GRI Guidance is included as it is widely used by businesses to report on a broad range of performance indicators.

I employed content analysis, which is widely used in social accounting studies (Adams *et al.*, 1995; Gray *et al.*, 1995). Abbott & Monsen (1979:504) define content analysis as “a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form, into categories in order to derive quantitative scales of varying levels of complexity.” Drawing on WEP's reporting guideline on how to report on gender-sensitive data, I use content analysis to categorize the 11 GRI disclosure points into four themes for gender analysis: 1) Leadership-Promoted Gender Equality (G4-38 a, G4-40 a), 2) Equal Opportunity, Inclusion and Nondiscrimination (G4-LA1, G4-LA12, G4-LA13, G4-EC5, G4-LA3) 3) Health, Safety and Freedom from Violence (G4-HR3, G4-LA 6) and 4) Education and Training (G4-LA9, G4-LA11) (see Tables 11,12,13, and 14 in Appendix 3). Each category is linked with GRI 4 gender-related disclosure, including workforce, part-time work possibilities, childcare, facilities, the flexibility of working hours, pregnancy, maternity and parental leave of absence, career development, equal pay, aspects of governance, promotion, recruitment and training and education.

Table 1: Characteristics of Selected Companies.

	Male Employee	Female Employee	Total Employee	Sector
1	74%	26%	319,000	Electronics
2	95.2%	4.8%	65,614	Automobile
3	87%	13%	41,949	Energy
4	94.8%	5.2%	17,045	Steel
5	84%	16%	37,904	Electronics
6	97.2%	2.8%	33,984	Automobile
7	94%	6%	27,409	Industrial Machinery
8	87%	13%	24,90	Energy
9	94.5%	5.5%	4174	Energy
10	89%	11%	8672	Motor Vehicles and Parts
11	34%	66%	27,880	Retailing
12	74%	26%	32,610	Electronics
13	90.0%	9.1%	3079	Energy
14	56%	44%	5339	Financial
15	90.1%	9.9%	3497	Energy

*(Source: Author, 2016)*

### 1.3. Contribution

This study makes some significant contributions to our understanding of the engagement of domestic politics with global private governance in a non-Western context. First, by studying the ISO standards in the non-Western context in-depth, this dissertation makes a significant empirical contribution, showing how domestic institutions matter for global private governance. This study may also generalize to other spheres of Asian contexts. Empirically, the study offers the first comprehensive study of Korea's participation in global private governance, looking in more detail at multiple actors' involvement in several issues of private governance that have received uneven attention from scholars: environment management, labor, and gender.

Second, this dissertation provides a synthesis of insights I have gained from taking a cross-sector (environment and labor) analysis of the rise of private governance. In tracing the histories of private governance in two sectors, I hope that this dissertation analysis will illuminate not only how private governance works and why it has come about as an instrument of national policy, but also how it can be part of global efforts to address the social and environmental challenges of globalized society. The dissertation provides a two-sided comparative analysis of global private standards. The first side studies the emergence of global environment and labor standards and initiatives. The second side examines the local government's contrasting role in these two sectors.

Third, this dissertation contributes to current debates about theoretical perspectives on private governance. I do this by extending Levy's Gramscian understanding of value regime theory into the realm of private governance, demonstrating how the concept of private governance may be used to understand the intersection of economic, political and historical issues.

Fourth, as the theory is mostly produced in the global North and tested to the global South, the global South normally produces data (Roberts & Connell, 2016). Rather than North and South divided, this dissertation provides the initial step will lead to more dialogue between Northern and Southern scholars by critically unpacking of northern dominance of discourse in private governance and approaching the local environment, labor, and gender issues that prioritize the global South. Instead of treating global South as if it were a distinct set of knowledge or an alternative paradigm to be opposed to the hegemonic northern concepts, this study explores the different knowledge practices to be advanced from southern perspectives, such as the great importance of the history and culture.

#### 1.4. Structure of the Dissertation

The remainder of this dissertation is divided into seven chapters. Chapter 2 begins with the more focused review of the literature on fragmentation of labor, gender, and environmental governance. It identifies a gap in the literature, as very few works have examined these processes in empirical, methodological, and theoretical depth. The chapter will offer an overview of how the literature has engaged with the relationship between the optimistic

approach and critical approach to private governance and identified how this dissertation research builds on, and distinguishes itself from, that literature.

To set the scene for the empirical analysis, Chapter 3 provides an introduction to the ISO standards and their relevance to global governance. The first section of the chapter describes the origin and history of the ISO and traces this development from the emergence of international trade in the colonial era to today's highly industrialized world. This is followed by a discussion of the sector's various sustainability and the role of ISO in addressing these challenges. Chapter 3 also examines the institutional developments of private governance in ISO 26000 and 14001 environment sector - the most dynamic site of private governance in recent years.

The two subsequent chapters discuss the political process of private governance in each of the three issue areas: environment (Chapter 4), labor (Chapter 5). Both chapters are organized in a similar pattern. The first section provides the historical perspective on the development of private governance before the financial crisis of 1997 in South Korea. The second section of each empirical chapter discusses the key decision makers and stakeholder's engagement with two different ISO standards. Chapters of 4 and 5 conclude by discussing the three explanatory variables of a value regime framework, and explaining their respective roles in the regulatory outcomes under IMF-driven neo-liberal reform after the financial crisis of 1997. Chapter 6 compares the findings across cases, making it possible to identify the causes of variation in the cases studied. Chapter 7 explores the gendered dimension of private governance by analyzing the results of findings from CSR reports, which reinforce an ideology that places women in an inferior role in largely male-

dominate workplaces. The conclusion, Chapter 8, provides a more detailed discussion of the contribution of this dissertation to the debate on private governance research.

## CHAPTER 2: LITERATURE REVIEW

### 2.1. Introduction.

The objective of this chapter is to situate the research questions against the current state of the literature, empirically, methodologically and theoretically. To date, academic interest in private governance has generated a burgeoning but highly diffuse literature from scholars of international relations (Clapp, 1998; Cutler et al., 1999; Murphy, 2015), international law (Bartley, 2011; Murray, 1999; Ward, 2011), development studies (Barrientos et al., 2003; Lund-Thomsen, 2004), political geography (Bartley & Egels-Zandén, 2015), and management (Levy et al., 2015; Palazzo & Scherer, 2008; Scherer & Palazzo, n.d.). Although these bodies of literature have made theoretical and empirical advances in understanding how private governance has emerged and legitimated, this section explores how they have failed to integrate, thus, producing a diverse set of ontological standpoints and approaches to understanding the sources of challenges for private governance problems. As the literature has varied significantly regarding the types of issues they focus on, the theoretical conceptualization and the accounts of the dynamics of private governance processes, therefore, are fragmented and confusing. This fragmentation is particularly problematic in a context where private governance architecture has become more involved, and the geographical and conceptual boundaries become more blurred. Underlying questions about how conceptions of global private

governance may have changed over time, or how global and domestic sources of private governance might interact, have remained under-analyzed. In this context, there is an urgent need to sort through and clarify core concepts that underpin existing academic work on private governance given these challenges. I argue that taking a comparative and multi-disciplinary view, this research provides important conceptual and theoretical insights that can inform current debates about how private governance should respond to a changing system of global governance in general and interact with domestic sources. In this context, this chapter traces the empirical, methodological and theoretical implications of private governance architecture to provide a preliminary step in this wider dissertation, and aims to clarify the theoretical understanding of private governance. I will review several debates in the literature regarding the fragmentation of private governance architecture. The first discussion relates to empirical fragmentation of private governance. The second debate revolves around hierarchical methodological flaws. The third part of this chapter presents the perspective of different theoretical schools over private governance in International Relations.

## 2.2. Empirical Fragmentation

Despite similar regulatory and procedural process, the literature on private governance has had starkly divergent visibility and outcomes across different issues. Broadly speaking, environment, labor, and gender lie at the heart of the social dimension of sustainability for firms and society, so why are there multiple standards in a particular issue in the first place, and how might they continue to persist over time? For example, most literature is sector



specific or focus on particular issues, such as fair trade or protection of the natural environment. So far, case studies of the individual in a particular industry or sector predominate in the private governance scholarship. In this section, I will limit the literature on private governance to three broad thematic categories for this research: (1) environmental management, (b) labor, and (c) gender, and briefly describe the origin, drivers, and procedures specific to each issue.

In the case of the private environmental governance, the studies of global environmental private governance often investigate the uses of market-based certification to address environmental pollution problems and forest damage to determine whether certification enhances the natural environment. Wahl & Bull (2014) show that researchers mainly analyze natural resource industries, such as agriculture, fisheries, and forestry, as these are considered the significant industries in this context. Within agriculture, coffee production and forestry are particularly well studied because they are recognized as sources of valuable and highly traded commodities in international markets that are also a significant export products from developing countries (Wahl & Bull, 2014). In regard to the primary drivers, environmental NGOs are active in creating voluntary private standards that promote superior environmental protection practices by establishing credible certification for firms in industries such as forestry (e.g., FSC), agriculture (e.g., Rain Forest Alliance Certification and Fair Trade), and tourism (e.g., Certification for Sustainable Tourism Certification Network of the Americas). They aim to achieve superior environmental performance by creating a new market for greener behavior arising from the supply chain, consumer, business and media demands. Some of the literature highlights the business case for environmental improvement by attempting to demonstrate how market-

based certification can improve their financial positions by participating voluntarily in private governance (Heras-Saizarbitoria, Molina-Azorín, & Dick, 2011; Molina-Azorín, Claver-Cortés, López-Gamero, & Tarí, 2009).

In the case of environmental management, the problem is portrayed regarding requiring the right environmental technologies or environmental management practices (Mohammed, 2000; Prakash & Potoski, 2006). Lund-Thomsen & Lindgreen (2014) argue that such a view ignores the role of power and politics in environmental management and unequal power relations among different actors (e.g., the state, multinational corporations, international organizations, civil society, communities) in mediating environmental problems. A political perspective on environmental management may be helpful in explaining why particular private environment governance initiatives benefit or harm some firms, workers, and community members. Newell (2005) argue that the private environment initiatives needs to go beyond the technical management-oriented approach to more politically and economically based explanations of private governance.

Private standards in labor are even more complicated than in environmental issues: Private labor governance initially emerged in the apparel and footwear industry to enforce such codes as minimum wages, maximum working hours and safety at the workplace (Bartley, 2010). As the apparel and footwear industry globalized rapidly, many Western apparel and footwear enterprises started outsourcing production to export-driven industrializing countries such as South Korea and Taiwan during the 1950s. These production facility workers often faced harsh conditions, and many labor rights were violated in the absence of effective domestic regulation (Marx & Wouters, 2013). During

the 1980s, this led to social protests in Europe and the U.S. In response, international organizations developed the global private standards on labor conditions: the OECD's Guidelines for Multinational Enterprises, and the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises, which were accepted by a number of national governments (Marx & Wouters, 2013).. Although many countries included these principles in their labor laws, these global private labor standards had little success in improving the workers' labor conditions in the special economic zones in developing countries. Government regulation was often not enforced. Throughout the early 1990s, public awareness on the issue of labor right increased in the U.S., due to increased media exposure (Bartley, 2005). International labor union movements, such as the International Textile, Garment, and Leather Worker's Federation, as well as anti-sweatshop activist groups, started to put pressure directly on American textile companies to adopt more socially responsible business practices from the late 1980s onwards (Turcotte et al., 2014).

In contrast to environmental issues, the initial private labor standard was developed by single firms to guide their practices as well as those of their suppliers. Development and participation in the private regulation of labor standards then took off in the mid-1990s in Europe and the U.S. (Turcotte et al., 2014). The number of new voluntary standards and certification schemes in the labor sector has skyrocketed since the early 1990s, as corporations such as Levi-Straus, Nike, and Reebok, introduced their own corporate codes of conduct (Locke, Kochan, Romis, & Qin, 2007). For example, Reebok and Nike developed their Human Rights Production Standards. However, these voluntary codes of conduct developed by corporations were not considered effective regulatory tools to improve labor conditions in the textile industry (Turcotte et al., 2014). To respond to the

ineffectiveness of the corporate-led codes of conduct, business enterprises and several stakeholders including NGOs and government initiated the private labor standards. As an illustration, U.S. Secretary of Labor, Robert Reich established the Apparel Industry Partnership (AIP) initiatives in 1995, which led to the establishment of the Fair Labor Association in 1996 (Marx & Wouters, 2016). In addition, SA8000 was created as a multi-stakeholder governance system in 1996, involving representatives from businesses, trade unions, and civil society to organize independent monitoring and certification of factories supplying multinational enterprises based in Europe and the U.S. There are several other initiatives also emerged, including the Worker Rights Consortium (WRC), the Fair Wear Foundation (FWF), and Ethical Trading Initiative (ETI) (Fransen, 2011).

Regarding the industrial sector, research focuses on a few areas that are well-known for their labor-intensive production methods such as apparel, footwear, toy, and food manufacturing, as well as farming of internationally traded agricultural products. (Niforou, 2014; Wahl & Bull, 2014). Turcotte et al. (2014) state that private governance studies in labor issues usually do not include participants from other sectors. The advantage of limiting inquiry to one industry is that it is easier to specify and adjust to the needs and constraints of that industry (Turcotte et al., 2014). However, critical analysis of issues like contract labor and the impact of living and decent wages on performance in supply chains is either missing or rarely discussed in the literature. Additionally, most codes of conduct are not designed to reach many other types of markets that lack ethically inclined consumers, including business-to-business commodities and production for domestic consumption in developing countries (O'Brien, 2004).

Listed below are private labor standards developed for the clothing industry between 1995 and 2005 (Fransen, 2011):

- The Fair Labor Association (FLA): including, at first, American apparel and sporting goods firms, such as Nike and Reebok;
- Social Accountability 8000 (or Social Accountability International, SAI): established by the U.S. social research institute Council on Economic Priorities and including brand and retail firms;
- The Ethical Trading Initiative (ETI) in the UK: a result of engagement of NGOs and trade unions with mainly multi-product retail representatives;
- The Fair Wear Foundation (FWF); a collaboration of two clothing industry-related trade associations, Dutch trade unions, and the Clean Clothes Campaign activist networks;
- The Worker Rights Consortium (WRC); an initiative by the U.S. United Students Against Sweatshops and American trade unions;
- The Worldwide Responsible Apparel Production program (WRAP); initiated by the American Apparel Manufacturers Association with input from consultants and U.S. university staff;
- The Business Social Compliance Initiative (BSCI): initiated in the European business association for retailers, the Foreign Trade Association (FTA);
- The Initiative Clause Social (ICS); by a group of French retailers, including Carrefour and Casino.

In comparison with environmental (McGuire, 2014; Zito & Egan, 1998) and labor issues (Locke et al., 2009; Locke & Romis, 2010), gender equality is a more recent subject in private governance literature. The recent scholarly literature on private governance and gender has focused on two themes: first, exploring the causal relationship between adding more women in business firms and its effectiveness (Bear, Rahman, & Post, 2010; Bernardi & Threadgill, 2011; Rekker, Benson, & Faff, 2014; Soares, Marquis, & Lee, 2011); second, evaluating the normative concerns of gender and private governance, i.e. the organizational implementation of CSR to promote gender equality (Grosser 2009; Grosser & Moon 2005a, b; Kilgour 2007; Miles 2011; Thompson 2008). This section presents an overview of recent debates on gender issues in private governance and discusses the limitations of each as a basis for promoting gender equality.

*Positivist approach:* A large and growing body of literature attempts to find more effective ways to bring more women into the workforce through CSR, arguing that this would be a win-win outcome for both business and society (Bear *et al.* 2010; Bernardi & Threadgill, 2010; Rekker *et al.* 2014; Soares *et al.* 2011). For instance, Rekker *et al.* (2014) investigated the relationship between CSR and CEO's compensation and discovered that CSR increases the pay of female CEOs compared to male CEOs. In a similar vein, an empirical study of a sample of firms from *Fortune's 2009 Most Admired List* and the *Global Fortune 500*, Bear *et al.* (2010), Bernardi and Threadgill (2010) and, Soares *et al.* (2011) study how corporate boards' gender composition has affected corporate reputations for ethical behavior, social responsibility, and transparency. They discovered that having more female directors on corporate boards has a positive impact on firms' reputations through CSR ratings (Bear *et al.* 2010), and plays a role in enhancing corporate reputations

through charitable giving and community involvement (Bernardi & Threadgill, 2010). These authors question the causal relationship between adding more women and CSR initiatives. Seeing women as a categorical variable, the authors conclude that adding more women to existing CSR systems will solve the problem of gender imbalance in corporations. Furthermore, given their positivist approach, categorical studies are limited in that they often equate women as the problem and solution to gender inequality issues in the workplace without investigating the character of gender relations, which are often invisible. The dominant discourses and practices of CSR and gender literature are grounded in an instrumental view of nature that reduces it to a marketable commodity or an ideal new labor source that would be beneficial to economic growth and a competitive advantage for the corporation. Within these discourses, CSR is usually presented as a gender-neutral activity, whereas in reality, managerial hierarchies are widely dominated by men in most organizations and sectors. As a result, the contextual micro-element of women's experiences in the workplace is ignored and statistical data fail to reveal the more subtle, local contexts undergirding gender inequality in the workplace (Zanoni, Janssens, Benschop, & Nkomo, 2010).

*Normative concept of private governance and gender:* Another approach to structural gender problem within private governance is to adopt a normative method, which provides valuable insights into whether gender mainstreaming within CSR can become a center of organizational practice (Grosser & Moon 2005a, 2005b, 2006, 2008). In this context, several scholars have attempted to explain why gender mainstreaming is necessary in CSR by broadening the concept of CSR to include gender as a key social issue (Grosser & Moon, 2005b) that is defined as a human and economic development priority by the

United Nations (Kilgour, 2007; Thompson, 2008). From a global governance perspective, Kilgour (2007) argues that international CSR initiatives such as the UN Global Compact have the potential to enhance gender equality, while Thompson (2008) claims that gender equity should be a priority agenda at the global level. On a national scale, Karam and Jamali (2012) and Grosser (2009) explain that CSR is a potential vehicle for promoting gender equality. At the corporate level, gender surfaces in CSR reporting when discussing gender mainstreaming within corporations (Grosser & Moon 2005a, 2008; Miles 2011).

These studies largely aim to change structural barriers by pushing gender inequality from marginal to priority status in global, national and business agendas. As a solution to the gender problem, some scholars recommend requiring CSR reports to be more gender sensitive and to encourage more democratic decision making by embracing more NGO/women activists (Grosser & Moon 2005a, b; Kilgour 2007; Miles 2011). This normative view thus not only accommodates the gender sensitive CSR policies to enhance legitimacy, but also suggests that gender mainstreaming through CSR should be adopted as a tool to complement government regulations (Grosser & Moon 2005a; Karam & Jamali 2012). Undoubtedly, these voluntary CSR initiatives and codes of conduct will enhance the material conditions of women by increasing women's capacities and opportunities through the creation of training, diversity policies and work-family benefits programs. However, from this perspective, gender is still framed as differences between men and women. By following a categorical logic of women and men, the sex role model of gender aligns with social norms and expectations. In other words, the male role is contrasted with the female role, and corporations are thought to flow from conforming to these roles. Thus, this normative approach ignores gender relations and hierarchies. In an organizational



behavior study, Ely and Meyerson (2000) argue that using a normative approach to corporate policy not only reinforces sex stereotypes but also can foster a backlash among men who feel excluded from the policy. Therefore, the normative approach also fails to challenge gender inequality fundamentally. Moreover, given the persistent power differential between most women and men, egalitarian decision making is impossible in most organizations (Reynolds & Yuthas, 2008). Thus, the normative approach to CSR and gender equality does not pay sufficient attention to gendered power dimensions; it describes power as neutral, which is exceptionally rare in business organizations (Coleman, 2015; Reynolds & Yuthas, 2008). Despite the considerable insights I have gained from existing literature, much remains to be done to understand the gendered power dimensions in private governance. To date, the debate around private governance and its gendered implications have been limited to the experience of women in organizations, rather than their interactive relationships with men and each other where certain kinds of power are reproduced and valued. Scholars have therefore failed to explain the resistance of private governance to addressing gendered power imbalances in private governance.

To conclude this section, I identify the three characteristics from comparative perspectives. First, the case of environmental issues, such as climate change, agricultural commodities, and the forestry sector, is portrayed as an urgent international and global problem requiring long-term solutions, whereas labor and gender issues have been limited to discussing problems on the national or individual level. In the comparative analysis of environment and labor governance, Bartley (2007) indicates that it is clear that environmental problems have powerfully associated with a “common good” frame. Although the construction of both types of private standards systems was a conflictual

process, the environmental movement field tended to be more cohesive than the fields of labor and gender (Bartley, 2007). For instance, why is there no market-based case for certification/monitoring arising in the labor and gender sector, as there was in the case of forest certification (Bartley, 2007)? Bartley argues that it may be that market-based arguments for labor standards monitoring and gender certification have simply been a bit slow to emerge (Bartley, 2007). In other words, there is a profound difference in the politics of labor (gender), and environmental issues as the language greening environment are more associated with technical and efficiency perspectives, while improving labor and gender issues are associated with social perspectives (Bartley, 2007).

Secondly, the focus of contemporary private governance research is restricted to detailed analyses of the specific modes of issues rather than the comparison of governance arrangement across these issues (except Auld, 2014; Bartley, 2007). When the similarities and differences are ignored or less vigorously represented than other issues, this exclusivity can lead to misperception or underrepresentation, which can contribute to processes that do not address all relevant topics equally. Likewise, not all concerns put forth may be considered valid and appropriate in the light of broader stakeholders' interests. As a result, private governance scholarship lacks empirical work inquiring why and how actors are constrained or supported in adopting certain issues over others within the private sustainability governance architecture. The comparative private governance provides an ideal field for deepening our understanding of complex governance and explaining why it has emerged in this particularly important issue area to differing degrees (Biermann et al., 2009).

Overall, this empirical fragmentation has limitations in contributing theoretical insights to the broader literature on private governance architecture. The issues of fragmentation among private sustainability standards are important because of their implications for the effectiveness and shape of private governance as a whole. Political science lacks a conceptual framework for the comparative study of different types and degrees of fragmentation of global governance architectures (Biermann et al., 2009). Building on these efforts, a new cross compares case of this research expands the understanding of private governance architecture by showing not only which private governance standards are active across issues but also which actors participate in particular private governance issues. This allows the research to systematically address, for the first time, questions about patterns of involvement I find different issues. In empirical research, although these three issues of fragmentation in private governance architecture will hardly be clear-cut, and the boundaries may remain difficult to ascertain in specific cases, the three issues are not mutually exclusive, but may coexist to some degree within the same private governance architecture. Thus, the three issues are meant to serve as a conceptual tool for comparative empirical analysis to advance understanding of the causes and consequences of fragmentation in private governance architectures. Based on the conceptualization of these three issues of governance fragmentation, comparative empirical research can shed light on the core question of the opportunities and challenges of different degrees of fragmentation. Also, it becomes possible to analyze in much more detail possible political, economic, and institutional solutions to problems of fragmentation, which may depend on the local domestic context.

### 2.3. Top-Down Methodology

Methodologically, the existing literature has tended to approach issues of private governance either from the top down, focusing on the normative dimension in Global North countries (Jamali & Karam, 2016; Peña, 2014), or from the bottom up, viewing private governance as a largely empirical phenomenon in the Global South (Bartley & Egels-Zandén, 2016), determined predominately by private governance's relations with global institutions or Northern states, MNEs and NGOs. Top-down approaches to private governance are commonly found within the international relations literature focusing on understanding the sources of private governance status as actors (Bernstein & Cashore, 2012) and their subsequent ability to influence outcomes within international politics by making up for the gap in global governance. Private governance's legitimacy is thus bound up in their international status. However, drawing on the largely critical view in academic work on private governance literature, scholars argue that there is a general tendency to design private standards around issues that matter to wealthy consumers and well-intended stakeholders in Northern countries, rather than around issues that concern workers in developing countries (Drezner & Lu, 2009; Hale & Roger, 2012; Idemudia, 2011; Lund-Thomsen & Lindgreen, 2014; Schleifer, 2014). As most trades in global market commodities occurred between developed and developing countries, for the most part, the studies on private governance continue to operate on the basis of a North-South trade model (Schleifer, 2016). In this context, private standards are used as an instrument to serve the market power of Northern lead firms to address governance failure or deficit in the Global South (Jamali & Karam, 2016; Schleifer, 2016). Also, there is geographical inequality in private governance scholarship. The picture of world private governance knowledge is

being filled out empirically in the course of the Northern discussion and dominated by northern academics. For example, Yawar & Seuring (2015)'s systemic literature review of social issues in a supply chain, 75% of the studies were found to be conducted by European and Northern American scholars. Scholars argue that despite many firms outsourcing their suppliers to Asia and other developing countries, only 19% of the total papers published were by Asian scholars (Lund-Thomsen & Lindgreen, 2014). Also, the actors involved in the 71 global environmental private initiatives were primarily from just 10 Western countries (in declining order: Italy, US, Spain, Austria, UK, Germany, India, China, France, and Australia) (Hale & Roger, 2012). Forest certification is an interesting case because it was at first developed to encourage sustainable forest management in tropical countries, but most certified forests are now in Europe and North America (Wahl & Bull, 2014)

In this context, this distinction is important to acknowledge, not only because it constitutes a key dividing line in the academic discipline's hierarchical approach to private governance, but more importantly because many bottom-up challenges (such as inefficient government capacity or lack of NGOs in the Global South) are closely related to top-down factors (such as the diffusion of Western MNEs' power, growing neo-liberal ideology and Western MNEs' intervention in developing countries). These hierarchical methodologies broadly reflect an ontological division between normative and sociological understandings of private governance legitimacy between the North and South. As a result, Drezner & Lu (2009) cautioned that it could potentially create a misperception among scholars of global political economy, as private governance's legitimacy is rooted primarily in the northern status of organizations, MNEs, and academics, or in their relations with host developing countries. Thus, Drezner & Lu (2009) emphasize the importance of the studies on

multinational firms headquartered in either non-Western or less developed country to the question of whether private standards are a truly global phenomenon. In this context, the hierarchical methodology will cause the several limitations to understanding private governance as a whole.

First, although most private standards claim to be globally valid initiatives, their application is often restricted to particular regions and countries, which leads to the binary and top-down discourse legitimating the need for creating private governance and codes of conduct by framing the Third World as a problem or victim of globalization. Furthermore, the private governance model rests on the market power of big brand companies from the Global North and their impact on developing countries through global value chains in natural resource extraction in Indonesia (Bartley, 2010) and apparel manufacturing in Pakistan and Bangladesh (Naeem & Welford, 2009). Consequently, when authors engage with the global South, they adopt a methodology based on these North-South binaries (Gugler & Shi, 2009). For example, in the absence of labor regulations in developing countries, large buyers in the United States or other Western countries use the leveraged power in female-intensive export industries in developing countries to adopt their codes of conduct. The emphasis on Western MNEs as the primary agent of CSR initiatives reflects neoliberal scholarship, which places Western firms at the center of the global economy (Khan & Lund-Thomsen, 2011). Women laborers in the horticulture sector in Africa that exported to European markets during the 1990s were portrayed by (Barrientos et al., 2003) as victims of gender-insensitive codes of conduct, mainly driven by Northern NGOs' efforts to represent Northern consumers' interests. Likewise, as economic globalization creates export processing zones in Mexico, Pearson (2007) describes women in the labor-

intensive industry as a vulnerable and exploited group due to the lack of safe public transportation and dehumanizing working conditions. In the absence of labor regulations in developing countries, large corporate buyers in US or Western countries utilize their leveraging power in female-intensive export industries in developing countries to adopt their codes of conduct (Barrientos et al., 2003; Lauwo, 2016; Pearson & Seyfang, 2001). These authors' implicit emphasis on the Western MNE as the primary agent of private governance phenomena reflects neo-liberal scholarship, which places the Western firm at the center of the global economy. They represent Third World women as subordinate, powerless and passive (Barrientos et al., 2003; Lauwo, 2016; R Pearson & Seyfang, 2001). The criticism is thus targeted at claims regarding the monolithic, global hegemonic status of a specific Western MNEs. Such portrayal of gender in the analysis of private governance constructs private governance as a primarily economic, and indeed top-down phenomenon by undermining local women's individual agency.

One of the limitations is that little is yet known on crucial questions such as the actual influence of these private standards on newly industrialized countries or emerging powers. As the trade flows and the distribution of market power in the global economy shifts to rising powers such as India and China, questions have recently arisen about whether private governance is fit for the purpose of growing spontaneous actors from rising powers in emerging economies (Gray & Murphy, 2013; Nadvi, 2014; Schleifer, 2016). The private governance model is increasingly undermined by global economic change, and the different structural and institutional context of emerging market value chains. For example, the volume of South-South trade has increased significantly; many key commodities including palm oil and soybeans are now mainly traded between southern countries

(Schleifer, 2016). Therefore, recent academic critiques have emphasized the need for private governance to adopt new roles, emerging actors, and organizational structures to contribute effectively to social and political change in this new environment (Gray & Murphy, 2013; Schleifer, 2016; Shaw, Cooper, & Antkiewicz, 2007). It also needs to move beyond the norm of western MNEs taking the role of the leading firm. Schleifer (2015) also noted the way domestic business groups from Southern countries have been marginalized in private governance scholarship. While the rise of the multi-polar world is shifting the global focus from a western-centric agenda to multiple global issues, and rapidly growing emerging economies are producing their own business giants such as Samsung of South Korea, China Mobile, and India's Tata, the practice of private governance through adopting CSR initiatives of MNEs from developing and transition economies has been studied less. Although the western perspective of private governance practice prevails at the moment, the authors speculate that in the future, MNEs from the South will have the greater influence on the current and future CSR regulatory environment (Yin & Zhang, 2012).

Second, the voice of suppliers, workers, and communities from the Southern perspective is marginalized (Blowfield, 2004; Niforou, 2014; Prieto-Carrón, 2008), as it appears that the scholarship of private governance is mainly driven by international brands, Northern-based consultants and academics, and NGOs exploring the motivations behind the creation of private governance initiatives. For example, Schleifer (2014) examines the level of inclusiveness in the central decision-making bodies' composition of rules in sixteen private environmental certifications, by counting whether or not they contain requirements to include civil society actors and/or organizations from the Global South at



board level composition. It is noteworthy that these Southern civil society actors are not well represented at the board level. They hold board seats in only five of the sixteen environmental private certifications (Schleifer, 2014). Also, top-down assessments of private standards tend to neglect local social issues. Again, it should be stressed that the capacity of domestic institutions to engage with private governance differs significantly from country to country and from one issue to another. Lund-Thomsen & Lindgreen (2014) express concerns that the predominant Western perspective in understanding the private governance of social issues might create a biased understanding of social issues in private governance. This will limit the critical assessment of the most relevant social issues for the local supplier and community in developing countries. For example, in the labor standards studies, the issues mainly focus on child labor, freedom of association and the right of collective bargaining followed by a handful of studies on wages (Niforou, 2014). However, scholars offer the criticism that Western Europe or North America have attempted to impose their norms and values underlying private governance upon suppliers in developing countries (Wright et al., 2010). For example, while child labor is considered a social evil in Western views, in the context of desperate poverty and lack of schooling systems in some areas of South Asia, child labor provides a means of informal education and family support. (Khan & Lund-Thomsen, 2011). Studies of private governance in developing countries often cite the pressures from Western branded firms and Western NGOs but likely overlook the more widespread, domestically oriented economic, political and cultural values (Roger et al., 2016). Attention is then denied to the cases of companies that feature far worse labor conditions. Although the rise of local domestic companies in developing or non-Western countries has become an important source of private

governance, the local issues related to those firms have been overlooked. Accordingly, there is a need for more in-depth studies of domestic companies to understand how local actors constrain or enable diffusion of private governance. Roger et al. (2016) Argue that most of the literature on private governance lacks attention to domestic politics. Domestic sources of private governance are, more than ever, not an isolated phenomenon, but rather a development to be placed within the broader framework of private governance and conceptually related to the parallel debate on global governance (Roger et al., 2016). It is striking that when the authors engage with the global south, the existence of a domestic dimension is either completely ignored or only briefly mentioned as something peripheral to the presence of private governance bodies.

However, recently several scholars have emphasized the impact that domestic political contexts have on local actors' engagement in private governance initiatives (Bartley, 2010; Berliner & Prakash, 2014; Drezner & Lu, 2009; Espach, 2009; Hale & Roger, 2012; Roger, Hale, & Andonova, 2015). Recent studies, such as Espach (2009) and Bartley (2010), have demonstrated that features of domestic contexts help to explain why some private standards become widely adopted on certain issues but not others. For example, Espach (2009) shows how national policy also matters in engaging with private governance. In his comparative studies of Forest Stewardship Council (FSC) certification and Responsible Care standards in Argentina, he observed the effects of industrial policies and environmental crises on the dominant business cultures and mindsets of business people in each country, affecting their receptiveness to international standards (Espach, 2009). Bartley (2010) explores how the forestry and apparel industries in Indonesia are affected by local conditions. In the case of China's authoritarian system, Drezner & Lu,

(2009) show that the weakness of civil society has limited participation in ISO 14001. Roger et al. (2015) find that the Chinese government's policies have affected participation in certain private standards, either supporting or constraining it. Berliner & Prakash, (2014) also find that the stringency of law and their enforcement characteristics matter for the adoption of the ISO 14001 standard. Roger, Hale, & Andonova (2015) emphasize the relevance of domestic institutional structures for influencing respectively, power over private regulations and participation in global public-private partnerships. Overall, scholars attempt to find the association of stronger national policies with greater participation in private governance, and that domestic political institutions condition the effect of both transnational linkages and national policies on patterns of engagement.

In sum, by a critical unpacking of mainstream literature in the field of private governance, this section has established paradigms and a bibliography revealing the northern dominance of the discourse, and extraversion in the global south, which generates a binary conceptualization between western and non-western cultures. To go beyond the dominant private governance writings, we need to open space for the Global South and non-Western context to explore mechanisms and frameworks for governance outside of neo-liberal, American and Eurocentric conceptualizations. The value of private governance is not limited to Western countries. By acknowledging this methodological limitation, this research can generate an approach that demonstrates how the international normative framework of private governance legitimacy is reliant on domestic sources, without discarding the normative concept of private governance. Building on these efforts, this research seeks to explore more how the emergence and spread of private standards are affected by domestic conditions in a non-western context, namely South Korea, by asking

how variations in domestic political institutions and state-society relations condition actors' engagement with the private environment and labor standards. Instead of assuming that national governments and characteristics have become marginalized in this private governance, this research highlights the ways in which national politics, institutions, and culture remain important determinants in adopting complex private governance.

#### 2.4. Theoretical Perspectives: Fragmentation of theoretical perspective: Moving beyond the Idealistic (Governance)-Critical (Government) Dichotomy

Complementing the previous empirical and methodological section, this section examines the theoretical dimensions of private governance, reviewing the two strands of the main schools of IR theory: (1) Ideal perspectives relying on a broadly framed voluntary governance mechanism, and (2) critical perspectives emphasizing state-based and legal mechanisms. In this context, the concept of private governance is defined as diffusing political authority among state and non-state actors, which position governance over against the government (Krahmann, 2003). The distinction between governance and government is crucial to constructing much of the current debate surrounding various forms of private governance (Krahmann, 2003). Regarding general definition, governance can thus be understood as the structures and processes that enable state and non-state actors to coordinate their interdependent needs and interests through the creation and implementation of policies in the absence of a unifying political authority. Conversely, government is defined here as the policymaking arrangements and processes that centralize political authority within the state and its agencies (Krahmann, 2003). In this way, the

different theoretical formats of private authority in IR have been located somewhere between the more well-known governance systems of market and state. In this context, government and governance are used as theoretical concepts across levels of analysis which defined regarding centralization or fragmentation depending on either promoting greater integration or prioritize the right of self-determination among state and non-state actors in private governance scholarship (Krahmann, 2003).

What is missing in these two perspectives, however, is a clear understanding of the more precise connections that exist between government and the changing role of private actors (business actors and NGOs). In reviewing the debate on private governance in IR, this section argues that while the existing literature in IR rightly emphasizes the significant role of non-state actors in private governance, it overemphasizes their autonomy, and understates the power relationship within the interaction between actors. Drawing on the value regime, developed by David Levy and his colleagues (Levy et al., 2015; Wright et al., 2013), the following discussion examines these two particular theoretical claims arising in the context of private governance, and extends these perspectives by introducing less critical and optimistic theoretical approaches which provide a systemic framework to the power dynamic of private governance. The value regime has paved a middle path between these two diverse approaches to regulating corporate behavior with respect to environmental and labor issues. With the shift from government to governance, Gramsci's concept of hegemony is helpful to illustrate the association of economic, political and discursive relations among multiple actors (Levy & Egan, 2003). Therefore, drawing on the neo-Gramscian's key concept of hegemony as consensual stability of dominant groups, resting on the alignment of mutually reinforcing economic, normative and governance

processes and structures, the value regime can extend the binary approach, from state-centered to centered on multiple actors, to identify the diversity of political contestations and accommodations in the varieties of institutional governance through engaging the state, business and civil society in building alliances (Levy & Egan, 2003).

The following sections provide a brief portrayal of how the governance (Ideal perspective) and government (Critical perspective) have been conceptualized in the private governance of IR literature and indicate how it might be rethought. I will specifically sketch how the discipline of IR has an unfinished approach to the governance and government divide that results from its statist point of departure. Then, this research provides value regime framework that enables a less statist and more comprehensive remapping of the politics of private governance.

#### 2.4.1. Ideal Perspectives on Private Governance

The concept of neoliberalism has provided a significant vantage point for the ideal perspectives of private governance. Neoliberalism has been associated with a shift from government to governance, where government refers to the power and rule of the state, and governance loosely refers to non-state mechanisms of regulation (Falkner, 2003; Midttun, 2005). In this way, the basis for this ideal perspective on private governance rested with the ideology of neo-liberalism that suggested that market mechanisms and private standards can not only provide more efficient and effective coordination but also increase political transparency and accountability. Falkner (2003) notes, “the rise of private

governance has undoubtedly strengthened the place of liberal ideas of self-regulation in environmental politics, especially as the 1992 Rio Earth Summit” (p.83).

Instead of coercive forms of regulation, governance employs indirect and voluntary means. In this view, private governance suggests shifting authority from the state-centric model of governance to new forms of authority with private actors (Rhodes, 1996; Strange, 1996). Scholars argue that due to the consequences of globalization and challenges to the traditional dominance of state-centric regime theory in the study of IR, the power of most states has declined still further, and their activities inside their territorial boundaries have weakened. In the 1970s, Susan Strange at the Royal Institute of International Affairs, began studying the role of non-state actors as an independent “global governor” within transnational relations in IR, by emphasizing the “authority/market” rather than the “state/state relationship” (Strange, 1976). She has argued that market-based non-state authorities have gained in significance because the state has lost its effectiveness in areas where the free market has never been able to provide adequately, such as security, monetary stability, law enforcement, and public goods (Strange, 1976). The reason for this decline in effectiveness is the rapidly accelerating pace of technological change, and the rising cost associated with it, trends that are weakening the state in comparison to non-state private authorities. As the authority of the state is declining in these areas, other forms of governance are replacing it, with states unable, and even unwilling in some cases to challenge them (Clapp, 1998). In a similar vein, Rosenau (1997) has emphasized the role of non-state actors and authority in IR by stressing that “governance without government” currently exists in many issue areas. The emergence of such new authority led Rosenau to classify two political mechanisms - one ‘state-centric,’ consisting of ‘sovereignty-bound

states,' and the other 'multi-centric,' consisting of 'sovereignty-free' actors - and to consider non-state actors as more generic 'spheres of authority' and treat the state as simply one of many sources of authority (Rosenau, 1997, p.37).

Authors working within this ideal perspective adopted the concept of Habermas theories to explain the loss of legitimacy of nation states and the rise of private governance within reference to the weakening of democratic control and the growing pluralism of value. (Hahn & Weidtmann, 2016; Palazzo & Scherer, 2008). The Habermasian approach evaluates the legitimacy of private standards according to the level of their accommodation of the ideal speech situation defined by communicative action. In this context, the intention of the participants derives strictly from the meaning of what is being said, not by fixed preferences or power asymmetries among them (Habermas, 1984). On this basis, the ideal forms of governance structure are multi-stakeholder initiatives (MSIs) which provide collaborations among different stakeholders to serve a global governance function in addressing common problems (Abbott, 2012; Boström, 2006; Dingwerth, 2007; Gulbrandsen, 2008). MSI are characterized by the horizontal dispersion of decision-making authority among a broad number of actors at different levels, often described as networks. Therefore, implementation is typically described as decentralized, voluntary, and self-enforced. Proponents of this view argue that, in this way, corporations or NGOs will be democratically accountable, and can eventually replace the government.

In contrast to the neo-liberal concept of private governance, the case of the ISO's technocratic model of private governance is somewhat different (Murphy, 2015; Murphy & Yates, 2009, 2010; Yates & Murphy, 2015). Although Yates & Murphy (2015) analyze



the role of firms in voluntary consensus of ISO negotiation through something akin to Harbermas's deliberative democracy to reach consensus for the standard-setting process, their study emphasizes the role of technical experts collaborating to create private standards of global application (Murphy & Yates, 2009).

As mentioned above, the rise of private governance is linked to a decline in state power and results from the failure of the state system efficiently to govern the global commons. In this perspective, the ideal private governance supports the non-state actor's capacity as a regulator shifting traditional state-centric model to a market-based governance mechanism (Krahmann, 2003). Thus, the market basis of the mechanism has become the primary focus of the inquiry, by creating economic incentives for business to voluntarily provide public goods such as a clean environment and improved labor conditions. This market basis of certification terminology largely derives from Bütte & Mattli (2011) and Cashore et al. (2004)'s work and refers to voluntary certification schemes (often referred to as a voluntary program). With growing interdependence and globalization comes a growing need to search for collaborative approaches and MSI, as collaborations among different stakeholders increasingly serve a global governance function in regulating that which government leaves effectively unregulated.

#### 2.4.2. Critical Approach (Government)

The critical literature argues that the lowering of traditional regulatory and the rise of networked non-state actors attempt to weaken the state's role in global governance. The critical approach theory proposed here assumes that states remain the primary actors in

world politics that are commonly found within the international law literature regulation (Murray, 1999; Stenzel, 2000) and in the major branches of international relations theory: social constructivism (Cao & Ward, 2016; Levy et al., 2015; Young, 2001). Although there are some differences in how these different schools treat private authority, they share a common understanding that the retreat of the state does not necessarily indicate a decline in the role of national polity. Much of the literature on private governance in international law has been preoccupied with the issue of whether or not private standards have replaced government regulation (Murray, 1999; Stenzel, 2000). The general consensus is that they do not replace the government. For example, ISO 14001 standard is seen as a “watershed” in the environmental regulation. Business managers view ISO 14001 as a market-driven approach to environmental protection that provides an alternative to “command and control” regulation by government. (Murray, 1999). Authors in law reviews and journals claim that the ISO is market driven and eventually distorts the government’s authority (Murray, 1999; Stenzel, 2000). The critical scholars support legal approaches that strengthen the national capacity to make corporate respect for the environment and human rights legally binding nationally and internationally (Krahmann, 2003). Thus, they see government as an ideal concept that is commonly associated with the centralization of political authority within the state.

Social constructivist work is primarily concerned with the significance of broader power relations and the political dimension of governance (Cao & Ward, 2016; Haufler, 2006; Levy et al., 2015; Young, 2001). For example, critical constructivist scholars also criticize the inclusion of private actors in governance processes because collaborations have led to some groups having privileged access to particular topics and discourses

(Haufler, 2006). An unequal power relationship among the actors results, for instance in the case of transnational climate change governance, operations through deliberative and inclusive processes do not reach down to citizens at the grass-roots level (Cao & Ward, 2016). However, when a country is peripheral to the transnational governance in the climate change network, its government and citizens will receive relatively little information compared to those from a country central to the network that led to the negative consequence of climate change (Cao & Ward, 2016).

More practically, as government and governance are defined by differences in the decision-making process, critical scholars have suggested the obvious limitation of the concept of deliberative democracy within private governance (Idemudia, 2011; Reeder, 1996; Young, 2001). In the practical setting, such an extensive inclusion might not be achievable. For instance, critical NGOs and labor unions refuse to engage in stakeholder dialogue with companies or governments due to lack of feasibility, skepticism, and other reasons (Young, 2001). The vulnerable citizens of the third world are also unable to represent their opinions, due to such causes as the lack of information or accessibility (Newell, 2005). Therefore, the goal of perfect inclusiveness would not be realistic. Interestingly, a high level of inclusiveness might not necessarily generate positive results, as an extensive and diverse set of participants might create additional difficulties in maintaining legitimacy. From this perspective, scholars identify the government as an ideal concept with political structures that control all or most policy resources for the development of public policies (Berliner & Prakash, 2013; Murray, 1999; Stenzel, 2000). Thus, the ideal policy implementation typically tends to be centralized, authoritative, and if necessary, coercive.

Many scholars have grown weary of voluntary private standards to regulate corporate performance with respect to the environment and human rights. More critical approaches in IR go further and consider private governance as a fraud through which corporations seek to avoid stricter regulation (Banerjee, 2008; Sklair & Miller, 2010). In addition, scholars claim that private governance not only strengthens the predominant liberal paradigm in the ideational structure contained in the global governance agenda, but promotes a model of global self-regulation that benefits the interests of powerful MNEs. They claim that green-washing and selective implementation are pervasive, leading them to question the credibility of some of these private governance initiatives. The governance of the private regulators themselves is always highly politicized, because they are involved in different interests. The scholars argue critically that current private governance tends to promote a particular international liberal consensus in private governance that strengthens the position of MNEs. Moreover, Lund-Thomsen & Lindgreen (2014) see private governance as a form of cultural imperialism or an attempt to greenwash their environmentally and socially destructive activities. This literature stream often highlights the role of Western MNE's to promote the introduction of a Western style of CSR policies in the developing world by undermining labor and environmental standards through cut-throat pricing policies (Lund-Thomsen & Lindgreen, 2014).

In sum, the use of government and governance as ideal-typical poles at the ends of a continuum ranging from centralization to fragmentation limits analysis of the transformation of political authority. As much of the contemporary private governance literature has emphasized a strong dichotomy between government and governance, most scholars associate governance with a decline in central government's ability and

effectiveness. The process of private governance is therefore intimately linked with a transfer of power and authority from the public to the private sector. This literature suggests that private standards represent a new form of private governance, which acts as a counterpart to state authority. In many cases, however, it is quite difficult to identify exactly whether the government has surrendered its authority or power is taken by other governance systems. It is hard to give a straightforward answer as to whether a state's role has declined or not. In fact, it is too simplistic to claim that the state is declining and power has moved from the government to business and civil society. If the ongoing spread of private governance mechanisms suggests a straightforward power shift away from states rather than the complex interdependence between private and public actors, this raises some issues that are central to the research on private governance in international relations. In this context, their limited analyses to simple comparisons of direct state involvement versus the role of non-state actors could undermine the diversity of relationships that can exist between various actors in world politics.

The placement of government and governance at the opposite ends of a theoretical continuum will cause more controversy by a dichotomy that does not help in understanding the power dynamics involved in private governance overall and particularly in countries in Southern and non-Western contexts. Jessop (2010) claims that in the most neo-liberal countries, the state still has significance in creating the institutional framework for the neo-liberal market to maintain social cohesion, by guaranteeing the proper functioning of markets through the establishment of military, defense, police, and legal structures. Although neoliberalism provides a strong ideal discursive power for the creation of private regulatory authorities such as auditing firms, international business associations, and

NGOs, this should not be considered a mere balancing act to the rise of neoliberalism. In other words, this does not mean that neoliberalism undermines the state. Therefore, the decline of the state may not occur in parallel with the rise of non-state actors. I argue that private governance does not necessarily lead to a dismantling of national authority. This dissertation examines that the limitations of the binary concept of governance literature become obvious when it is used in an attempt to explain why multi-stakeholders adopt private governance and how they affect workers and communities in the local context in non-western context.

Table 2: Summary of Literature review of private governance in IR

Subject	Optimistic Approach (Governance)	Critical Approach (Government)	Political Approach (Governance and Government)
Norm	Neo liberal	Power inequality, Imperialism	Hegemony, History bloc
Theories	Deliberative democracy	Marxist, Gramscian	Neo- Gramscian/Value regime Theory
Role of Government	Minimize	Maximize	Mixed
Governance Structure	Horizontal/ Network approach	Top-down approach	Mixed

## 2.5. Remapping Private Governance drawing on neo-Gramscian theory.

While these two ends of the spectrum provide an important framework for analyzing the private governance, their theoretical premises hold limited value for an approach to domestic engagement in global private governance in this dissertation. In this regard, by embracing the elements of the optimistic and critical approach to private governance, this research adopts the value regime framework, providing the more pragmatic and nuanced perspective that explains the possible strengths and weaknesses of the private governance in the long term (Levy et al., 2015). Drawing on Neo-Gramscian approaches in IR for understanding this private governance between government and governance, the value regime framework, which refers to a broad set of agreements linking a private governance with the specific set of economic, normative and governance aspects. Wright et al. (2013) suggest that the value regime provides alternative interpretations of this development of private governance between the overly optimistic voices who welcome this inevitable private governance development and pessimists who seek the return of state sovereignty. In this view, value regime provides a complete picture of private governance and initiates a move beyond the state and market dichotomy, pointing to a more dynamic and coherent understanding of the ideological, political and social dimensions of institutional foundation and formation in South Korea.

To understand the dynamics of value regime in response to the private environment and labor governance, I turn to the work of Antonio Gramsci, who analyzes the relations among social and economic capitalism structures which are not dependent on coercive control by a small elite (Levy & Egan, 2003). In contrast to the structural and deterministic

economic base of Marx, Gramsci instead emphasizes culture and intellectual ideology (Murphy, 1998). As Gill points out, “problems of hegemony involve not only questions of power, authority, credibility and the prestige of a system of rule; they also involve the political economy and aesthetics of its representation in culture and its media.” (2008, p.61). In this context, the ruling class is maintained as the dominant group through a variety of methods such as the introduction of an ideology (e.g., taking the principles of neo-liberalism for granted), moral leadership and negotiation (Murphy, 1998).

Gramsci (1995) argues that intellectuals, such as the church, the academy, and the media are important actors not only in generating an ideology to provide legitimacy through moral and intellectual leadership, but also in representing a key source of stability (Levy & Egan, 2003). A Gramscian analysis emphasizes that hegemony is likely to be weak in the absence of civil society. The term hegemony is illustrated in the Gramsci’s Prison notebooks, which introduce the idea that ‘a sense of intellectual and moral direction was particularly injected into Gramsci’s notion of hegemony.’(Gramsci,1995) The maintenance of hegemony requires a specific alignment of economic, ideological and organizational forces, revealing the strengths and weaknesses of adversaries and potential allies (Cox, 1987; R. Gill, 2002; D. Levy & Scully, 2007). For Gramsci, hegemony relies on a broad base of consent, which is dependent on ‘alliance and accommodation with other social groups, and on ideologies that serve mutual interests’ (Levy & Egan, 2003, p.813).

“...not only a unison of economic and political aims, but also intellectual and moral unity. ... [T]he development and expansion of the dominant group are conceived of, and presented, as being the motor force of a universal expansion. ... [I]n other words, the dominant group is coordinated concretely with the general interests of the subordinate groups, and the life of the State is conceived of as a continuous process of formation and



superseding of unstable equilibria between the interests of the fundamental groups and those of the subordinate groups-equilibria in which the interests of the dominant group prevails, but only up to a certain point (Gramsci, 1971, p. 181-2).”

Another important aspect of Gramsci's concept of hegemony is that it is contingent and unstable, as economics and ideology continuously evolve over time, which is highly relevant to private governance to analyze the evolution of different issue fields and emerging forms of actors' engagement (Murphy, 1998). In this context, actors continuously seek to build the alliance of firms, governmental agencies, NGOs, and intellectuals who can establish policies, norms, and institutions that structure the field in desired ways (Levy & Egan, 2003). For example, firms cannot dominate the field purely by economic power or governmental connections. Instead, the field requires consent and negotiation from a broader group (Levy & Newell, 2005). Therefore, the discursive structure of culture, ideology and symbolism guides behavior and provides legitimacy to particular organizations and practices.

In this context, the private governance is an evolutionary and complex process that requires multi-stakeholders and does not penetrate all states at the same time if at all, nor affect each of them to the same degree. Therefore, it makes little sense to discuss the consequences of private governance for the state in general terms. Furthermore, current discussions that attempt to define the changing role of states are mainly occupied with the possible surrender of authority to the market, thus failing to recognize other mechanisms of governance. Again, this dichotomized debate, which focuses on the increasing strength of market forces and imminent disappearance of state capacity, is not useful for

understanding the complex processes of private governance. Drawing on neo-Gramscian analysis, the value regime perspective extends beyond the deliberative democratic perspective by not only including a broader range of strategies and actors but also by considering a broader range of conflicts and forms of collaboration among the relevant actors (Wright et al., 2013). With the shift from government to governance, multiple actor-centered perspectives with special emphasis on hegemonic struggles are needed for contextualization in the local context. I argue that the private governance requires multiple actors in multiple-level fields exerting competing pressures and ideology in discursive forms. In this context, the institutionalization of private governance is thus an ongoing process as subordinate practices and norms survive in the margin (Levy & Egan, 2003).

However, most of the Gramscian studies provided by David Levy and colleagues are conducted in the Western context, mainly focusing on the power relationship between business and NGOs by downplaying the variation of state power in the context of neo-liberalism (Böhm, Spicer, & Fleming, 2008; Levy & Egan, 2003; Levy et al., 2015; Wright et al., 2013). These studies offer little insight into the different ways in which states operate at the international level to resist or sustain hegemonic formations with private governance (Bo, 2016; Jianbo & Xiaomin, 2011). In particular, the study of the state's role in alliance building has not received much attention in the current neo-Gramscian governance studies. In his dissertation of a neo-Gramscian approach to China's environmental governance, Bo (2016) points out that David Levy and colleagues' main emphasis on corporate political power and the counter-hegemonic power of civil society in international arenas of environmental governance from Neo-Gramscian perspective, leaves unclear the exact role of governments and how they function in coordinating hegemonic coalitions and

constructing contemporary governance regime (Bo, 2016). Thus, a Western perspective limits the application of the neo-Gramscian approach to other governance regimes such as East Asia, especially for those contexts in which state power still matters significantly in hegemonic struggles, as it does for instance in South Korea.

Nonetheless as Murphy, (1998) asserts, Gramsci intended his framework to provide insight into international relations in general, not just in a Western context:

International relations intertwine with these internal relations of nation-states, creating new, unique and historically concrete combinations. A particular ideology, for instance, born in a highly developed country, is disseminated in less developed countries, impinging on the local interplay of combinations. This relation between international forces and national forces is further complicated by the existence within every State of several structurally diverse territorial sectors, with diverse relations of force at all levels. (Gramsci 1971, p. 182).

Although businesses and NGOs also play a variety of different political roles in creating private governance, the focus in this dissertation is on government actors and their role in private governance as a field of struggle. With the aim of contributing to and extending the neo-Gramscian approaches, this research highlights ways in which national governments remain prominent regulatory governors, setting boundaries and engaging as partners with diverse actors, instead of assuming that national governments in emerging countries have become marginalized in private governance. As mentioned above, the state still matters in private governance scholarship to resolve the crisis of neoliberalism and maintain the cohesion of social organization (Jessop, 2010). Thus, by focusing primarily on the state and its power relations and struggles with other stakeholders in the private

governance regime, a neo-Gramscian perspective on South Korea's case can expand the existing literature on the neo-Gramscian scholarship by contributing unique historical, and cultural elements of South Korea, with complex geopolitical and economic structures. This research seeks to better understand the role of government and its interaction with different actors in sustaining or resisting hegemonic discourses in the field of struggle. Also, there may be cultural influences in play. Due to unique historical, geopolitical, social and economic trajectories, hegemonic coalitions and bargaining processes among the state, national businesses and civil society over the environment and labor domain in Korea have distinctive features, which are completely different from the discourses of private environmental and labor governance in Western countries. Because of the close links between government and business in Asia, firms might require clear guidance from the government to go beyond regulation to create social expectations (Drezner & Lu, 2009). It will be more fruitful as this dissertation further studying plural view on the diversity and different state powers, belief systems, social relations and hegemonic struggles between politics, economics, and society.

#### 2.5.1. Value Regime and Comparative Analysis

Value regime theory has also offered a useful framework for studies that seek to compare governance across issue levels of analysis. Drawing on Gramsci's hegemony, Levy et al., (2015) propose that value regime requires the alignment of three inter-related dimensions to achieve a certain degree of stability.

The economic dimension of value regime requires a network of actors and organizations that interact with economic elements of a contested field. For example, environmental private governance is an issue-level field featuring competing interests, between the protection of the natural environment and technology or market (Wright et al., 2013). Regarding normative-cultural value, in the study of the political dynamics of sustainable coffee, authors have asked, “What does sustainability mean? What should be the normative principles in which costs and benefits are distributed? What are the cultural practices associated with sustainable coffee?” (Levy et al., 2015). Regarding the governance dimension of value regime, a value regime operates as a mechanism of governance, “defined broadly here to mean the rules, institutions, and norms that channel and constrain economic activity and its impacts” (Levy et al., 2015). Therefore, it includes not only formal regulations but also market structures that coordinate production, the disciplines of capital markets. and the legal and accounting mechanisms that structure the market. Governance has a structural aspect related to the hegemonic stability of a value regime when an imaginary is closely aligned with economic elements (Wright et al., 2013). It is always contested, however, as agents strive to shift value regimes (Wright et al., 2013).

Table 3: Value Regime Dimensions

Value regime dimension	Guiding Questions	Examples of key terms
Economic model of value creation	<ul style="list-style-type: none"> <li>• How are economic benefits generated and distributed across sectors?</li> <li>• What contributes to the generation of economic value?</li> <li>• What are the economic benefits of sustainability standards?</li> </ul>	Brand value, profits, costs, revenue, reputation, buying power, securing supply

Normative-Cultural values	<ul style="list-style-type: none"> <li>• What does sustainability mean?</li> <li>• What should be the normative principles on which costs and benefits are distributed?</li> <li>• What are the cultural practices associated with sustainable coffee?</li> </ul>	Norms, values, principles, criteria of evaluation and assessment
Governance	<ul style="list-style-type: none"> <li>• How are buyer-supplier relationship organized?</li> <li>• Model of value chain governance (e.g., Gereffi et al., 2005) and power relations</li> <li>• Who do practices of standards setting and monitoring look like?</li> <li>• Which actors play a role in the governance process?</li> <li>• Who holds regulatory authority?</li> </ul>	Structure, regulation, certification, roles, intermediation, monitoring, control

(Source: Levy, D., Reinecke, J., & Manning, S. (2016): The political dynamics of sustainable coffee: Contested value regimes and the transformation of sustainability. *Journal of Management Studies*)

David Levy and his colleague scholars mainly focus on the environmental governance, adopting a neo-Gramscian approach to extend Gramsci's political thought of hegemony, historical bloc, and civil society (Levy & Egan, 2003; Levy & Newell, 2005; Levy et al., 2015; Wright et al., 2013). Three dimensions of value regime permit a systematic analysis of discrepancies in participation rates across sectors and cultures, by identifying which issues areas (Environment or Labor) or levels have progressed more toward governance (or government) across the dimensions. Moreover, the three dimensions of value regime illustrate how the proposed framework can help to analyze the recent shift from government to governance at the domestic level (Krahmann, 2003). It

encourages research on such questions as to what degree to problems and failures of governance arrangement between domestic policies and private governance. Different interaction of government or governance is possible within this value regime framework depending on the degree to which each dimension displays features more commonly associated with ideal notions of government or governance comparatively (Krahmann, 2003). Therefore, drawing on the value regime perspective that unpacks the process of domestic engagement with private governance in various issues comparatively, we can understand the local actors' negotiation and struggle with private governance initiatives to study the local political circumstances facilitating the local resonance of specific issues (environment and labor) of private governance. In this context, I investigate how the state regulates and constructs hegemonic coalitions among national business groups and civil society since the 1950s, and how non-state actors are created, adapted and coordinated over time in the development of private environment and labor governance in Korea. Based on an in-depth case study of ISO 14001 and 26000, I conduct a valuable empirical study on Korea environmental and labor private governance at an organizational level, bridging an empirical research gap in investigating the different roles of the state, businesses, and NGOs, as well as their changing hegemonic relations in the development of Korea's private environmental and labor governance. Since the environment and labor are by nature political issues where various multi-stakeholders engage in contestation and collaboration, the neo-Gramscian approach provides a more sophisticated and dynamic analysis of how government, business, and civil society constitute the political economy of change in private governance. Thus, this research is important in combining comparative analysis of

issues with the domestic level understanding of government hegemonic struggles in the neo-Gramscian framework and providing a more plural and dynamic view of variety.

#### 2.5.2. Hegemony of private governance and Gender from men and masculinity perspectives.

Despite the range of issues and theoretical approaches to private governance discussed in previous section, there is little attention paid to the way in which both the processes and the institutions of private governance are gendered as a result of discursive and structural bias in favor of men that lead private governance to take particular forms and affect different sections of society unequally (Rai & Waylen, 2008). Unlike many scholars who see gender as a side or marginalized issue in private governance (Newell, 2005), I ask in this dissertation how it is that gender is not merely essential to the formation of private governance, but absolutely central to its practice. I argue that the private governance is entirely gendered. Existing literature on private governance and gender sees women as a categorical variable (Bear *et al.* 2010; Rekker *et al.* 2014; Soares *et al.* 2011) or as a disadvantaged and oppressed group within the patriarchal structures of business environments (Karam & Jamali 2012; Pearson 2007). Thus, scholars have failed to explain the resistance and silence of the private governance discourse to addressing gendered power imbalances in masculine corporations. I define gender relation differently than previous approaches, which regard women's problems as a binary struggle between the sexes. Gender is a complex set of social relations through which the categories male and female, masculinities and femininities are constructed in specific social, political, and



historical conditions. In contrast to the current studies on private governance and gender mainly focusing on the experiences of women, with men often seen as invisible and so peripheral to analysis, Masculinities Studies' analysis offers a theoretical framework and research tool for examining men's and women's relationships within culturally gendered practices in particular societies. It focuses on the power processes underlying gender inequality. Masculinity Studies has grown enormously in the last decades with two key developments: the emergence of much more sophisticated empirical work, and conceptual analyses that reject binary gender roles and emphasize power, multiplicity and hegemony (Ian & Connell, 2014). The main idea of this approach is transformative, fluid and relational, with a powerful influence on the distribution of power, material resources and authority. The concept of masculinity provides an analytical framework when assessing gender in private governance to identify those attitudes and practices among men that perpetuate gender inequality, involving both men's domination over women and the power of some men over others (Ian & Connell, 2014).

Drawing on the Gramscian understanding of hegemony (i.e., particular sets of ideologies) regarding how ideals of maleness serve to provide the ideological supports for patriarchal social relations, Connell and Messerschmidt (2003) define hegemonic masculinity as the form of masculinity in a given historical setting that legitimates hierarchical gender relations between men and women, between masculinity and femininity, and among different forms of masculinity. For example, hegemonic masculinity takes shape through its association with subordinated types of masculinity, such as the hyper masculine, sexist, authoritarian masculinity attributed to some men of color and working-class men (Kim & Pyke, 2015).

This dissertation uses the concept of hegemonic masculinity to explore the dominant masculinity in CSR discourses that make women and marginalized men (in)visible, especially in emerging economies such as South Korea. I analyze gender representations in CSR reports by deconstructing the texts to reflect on their implicit assumptions about gender roles, particularly how a masculine image of the ideal worker is reinforced and sustained. In the masculinity literature, being visible is associated with being different from others and with marginalization (Simpson 2000; Simpson and Lewis 2005). For example, increasing the visibility of women can increase performance pressures that lead to fear of success, low-risk behavior, and avoidance of conflict. In contrast, men often maintain their powerful position by being invisible. As Connell (1995) argues, men are often labeled as the normative standard, equated with being human. Consequently, Collinson and Hearn (1994: 4–5) note the following:

The categories of men and masculinity are frequently central to analysis yet they are taken for granted, hidden and unexamined. Men are both talked about and ignored, rendered simultaneously explicit and implicit. They are frequently at the centre of discourse but they are rarely the focus of interrogation.

This dissertation explores how the hegemony of Korean men is hidden and naturalized in the everyday practices of gendered identities. The first step to understanding the status of working women and what appears as normal rests on Enloe's (1990: 133) question about international politics: "where are the women?" In a similar vein, I examine CSR reports for quantitative and performance disclosures on gender (in)equality.

*Deconstructing the Silence of Gender Relations:* According to Parpart, Ryan-Flood, & Gill, (2010), the concept of silence is critical to understanding the sources of resistance to gender equality from dominant and hegemonic groups in societies. Work in this area, including Kronsell (2006) and Simpson & Lewis (2005), argues that to remain powerful and privileged, dominant discourses of masculinity must be able to silence other contradictory or competing meanings. As Kronsell (2006) notes, studying silence requires a deconstruction of texts and the ability to recognize what is missing in the text and its implications for understanding the invisible gendered nature of the hegemonic masculinity in corporations and other institutions. In this way, the concept of silence helps explain how hegemonic masculinity can suppress the ideologies of femininity (e.g., emotions) and foster discriminatory practices.

The concept of silence is particularly apt in the context of CSR and gender literature because it facilitates investigations into the gendered nature of privileged access to resources and power. The point here is not merely to note the absence of gender in many CSR discourses but also to discover how this absence limits the overall understanding of corporate silence and resistance to the promotion of gender equality. This view is supported by Dingwerth (2008, p. 616), who claims that CSR reports implicitly offer insights into the “normative position on appropriate corporate behavior through including specific indicators (e.g. child labor policies) and excluding others (e.g. employee remuneration and working time).” In this vein, I closely examine what is said and not said, as well as the possibility that silence and missing text can reinforce gender inequality. I coded these issues to gain a deeper understanding of concepts and thematic gender issues in CSR documents, particularly how language and text privilege certain kinds of men and what it

means to be male or female, masculine or feminine in corporations. In addition, this dissertation deconstructs the text/language patterns that shape the positions of male and female employees and their role in CSR reports, as well as any nondisclosure indicators.

## 2.6. Why South Korea?

In order to investigate the environmental and labor struggles within the particularly empirical setting of the South Korea's private governance regime, it is necessary to understand the uniqueness of South Korea's economical and geopolitical system, which is significantly different from the Western context. Newly industrialized countries such as South Korea are assumed to be a distinct setting for private governance due to the differences in value systems or the institutional environment, which are attributed to the difference in the types of private governance activities and difference in performance. In recent decades, South Korea has transitioned from resembling a typical developing nation, where political and market institutions are less stable and where the inflow of capital and technology from Western markets is critical for industrial development, to being a first-world, technologically advanced economy. South Korean private governance practices do not have the same liberal characteristics as those of Europe and North America. Economic power is concentrated in large and complex industrial associations known as Chaebols, similar in some ways to the Japanese Zaibatsus. In this respect, South Korea is a notable case. Given the small presence and economic power of Western MNEs in Korea, national business groups and the strong government have played a significant role in the development of private governance. The Korean economy heavily relies on Chaebols. The

ten largest companies in South Korea account for more than 80% of the Gross Domestic Product (GDP) (Kwon, 2012). This alarming statistic reveals how a few dominant Korean Chaebols are not only profit-maximization organizations but also cultural interpreters of women's and men's status in the workplace.

Empirically, while there is a growing body of literature focusing on Western MNEs (Grosser 2009; Knudsen 2013) and their impact in developing countries (Barrientos et al. 2003; Pearson 2007; Prieto-Carrón 2008), local MNE's private governance and gender issues remain unexplored. In this respect, South Korea represents an interesting case. In fact, the private governance and gender in South Korea stem from diverse sources, and patterns of engagement with private governance might differ even among emerging countries with less abundant resources and industrialization such as Africa and Southeast Asia (Blowfield, 2004; Elin Eriksson, 2011). The South Korean context is somewhat different; it has a more urbanized industrial economy, despite the lack of natural resources, and it has strong labor laws and labor unions. To escape widespread poverty after the Korean War in 1953, the government actively engaged in the globalization process with strong export-led economic growth policies and pressured the Chaebols to generate profits from labor-intensive industries for export (Amsden, 1992). Under the government's planned economic system, South Korea's economy has been remarkable and has even been considered an 'economic miracle' (Amsden, 1992). The Korean labor problem itself emerged in the 1970s in the context of sweatshop working conditions and a fierce repression of independent unionism in order to promote rapid economic growth (Gray, 2008). By contrast, the contemporary labor crisis has been the result of an Asian financial crisis since 1997. Due to the bankruptcy of Chaebols during the Asian financial crisis in

1997, the Korean government liberalized the labor market, which destabilized the lives of millions—13 million people lost their jobs (Shin, 2012). Chaebols began to replace the traditional full-time employment system with contract workers. The growth of irregular work has emerged as a core social problem in several fundamental ways. First, the distinction of an irregular position is used to differentiate jobs in full-time positions and those in the secondary labor market segment, which causes feelings of inferiority and decline in class among part-time workers (Shin, 2012). In this circumstance, neoliberal restructuring has introduced new forms of class struggles for laborers (Gray, 2008). Second, the rise in irregular workers has increased the income inequality typically associated with the lowest wage levels and welfare costs (Shin, 2012). Increasing wage inequality has become a social and political issue; the wage gap between irregular workers and regular, or standard, workers widened from 33.9% in 2002 to 44.6% in 2011 (Institute, 2011). At the same time, these irregular types of work are deeply embedded in gendered and neoliberal structures of the global political economy. Consequently, Korean women are more exposed to these sudden economic recessions than Korean men. Due to the patriarchal Korean culture, female workers are vulnerable and easily fired, whereas male workers are strongly supported by employers (Shin & Kong, 2014).

In regard to environment perspective, South Korea is an interesting case, distinct from other Western and developing countries. While most cases of private governance in environmental issues focused on developing countries with an abundance of natural resources such as agriculture, Korea is a country with few natural resources and thus reliant on the industrial sector and manufactured exports for its economic development. This unique situation makes it interesting to trace the environmental regulation and the

introduction of ISO 14001 as alternative types of government regulatory system. In this context, governmental support of the voluntarism of private governance is growing significantly, but detailed analysis for the process over time and of ISO 14001 adoption is very limited. South Korea's a long history of voluntary environmental action is understudied and poorly understood.

#### 2.6.1. From Government to Governance in the context of South Korea.

In the Western context, civil society actors are the major stakeholder groups in private governance to regulate the business actor's behavior. The context of South Korea is somewhat different. The government in Korea plays key roles, through the stringency of their regulations and enforcement as participants and as sources of endorsement and legitimization at the local level. At the close of the Korean War in 1953, South Korea was devastated, and the government faced the problem of how to mobilize economic resources in order to emerge from poverty under uncertain political circumstances. South Korea is branded as "the developmental state," where the government actively intervenes in the macroeconomic planning of a free market economy and relies on bureaucratic authoritarian means to mobilize social resources to promote economic growth (Suh & Kwon, 2014).

The government enthusiastically initiated an export-led growth policy. In other words, the government directly intervened in the market system by closely working with the private sector, namely Chaebols, to implement the economic policy. Government-directed finance (e.g., in heavy chemical, steel and import-substitution industries) was particularly important for *chaebols*. The government provided chaebols with financial

incentives to obtain low-interest bank loans and permission to borrow from foreign sources, along with tax benefits (Nam, 2013). Thus, the relationship between state and business was very close, and they were highly reliant on each other to pursue national development objectives and make profits (Amsden, 1989). This combination of a strong state and big business enabled South Korea to achieve strong economic growth in a short period of time. The national business system (Chaebols) in South Korea was the dominant form of the state-led model of capitalism (Moon, Kang, & Gond, 2010).

The origins of Korea's private governance go back to 1997 when the effects of the Asian financial crisis on the Korean economy meant that Korea had to find new solutions to social governance problems such as high unemployment and poverty (Hee, Amaeshi, Harris, & Suh, 2012; Lim & Phillips, 2016). After the Asian financial crisis in 1997, government power has gradually shifted to governance as mainly new government left party has a greater emphasis on inclusiveness. Thus, a governance approach centered on multiple actors is gaining momentum, which illustrates a shift across several areas, and extends governing practices. The development of private governance in South Korea is a phenomenon of the 2000s. After the financial crisis in Asia, the research traces the emergence of a private governance in the early 2000s based on a gradual process of neo-liberal economy facilitated by market mechanisms. The old style of government was disrupted by the financial crisis, resulting in the adopting the new private governance mechanism. Korean society is evolving from a hierarchical, top-down *government* structure to new modes of *governance* which rely strongly on self-governance by societal actors. South Korea is a late comer in adopting the concept of the private governance and incorporating it within the framework of public policy.



### 2.6.2 Local MNEs (Chaebols)

Local MNEs (Chaebols) are an important site for research on both private labor and environment standards. The Korean economy still relies on big business groups for economic growth. The chaebols are powerful forces that shape all of the economic, political and cultural norms in the country, exerting much influence over every day people's lives. Over the last several decades, Chaebols have become an engine of the Korea economy and gained significant economic power globally. With the growth of the Korean economy after the 1970s, the chaebols became very large entities. Twenty years ago, the Chaebol was not even a category in the Fortune 500 ranking of the world's biggest companies. Today the list includes thirty chaebols. Korean chaebols are the leading producers and exporters of electronic goods in the global market. The electronic and motor sectors, in particular, have expanded strongly over the last two decades. Korea has large export-oriented manufacturing sectors (e.g., shipbuilding, electronics, semiconductors, automobiles). The Chaebols' power is also great in the domestic arena. One-third of gross domestic product and 80% of employment and economic activity is now tied to chaebols. This alarming statistic reveals how a few Korean conglomerates dominate the Korean market and their power to shape labor market and consumption patterns. Chaebols hold enormous political and economic power over employees. Laborers have little choice but to strictly follow what is required of them. Favourable connections between chaebols and government at various levels are important in Korea, making the Korean political economy opaque and less transparent (Hee et al., 2012). South Korea is quickly expanding its market share of

international electronic exports to become the world's largest electronic exporter. As one of Asia's fastest-growing economies, South Korea's entry into the international automobile and electronic market has been a primary means for advancing growth and employment generation and increasing export earnings. Thus, South Korea demonstrates a trend toward engaging in international trade in electronic commodities and should be increasingly reliant on the standards set by international business actors.

### 2.6.3. Korean Chaebol Masculinity

Korean Chaebols are predominately male because Korean men created these corporations and adopted militarized management practices that align with the needs, values, and experiences of men (Kim, 2001). Most Chaebols have masculinist corporate cultures that rarely accept gender equality, which is considered a threat to corporations' masculine identity, success, and competitiveness. Kim & Park (2003) reveal that men maintain an organizational culture that is heavily masculinized and militarized and thus tends to exclude women. Since most men are required to serve in the military system for two years before entering the labor market, male employees are generally well-versed in militaristic approaches, which are integrated into the work ethic of the Chaebols (Kim & Park, 2003).

Cultural factors also play a role in this gender imbalance in the workplace. Korean corporate culture is built on traditional cultural practices, which are embedded mainly in Confucian values and notions of hierarchy (Won & Pascall, 2004). Confucianism, which determines social hierarchy based on class, gender, seniority, and official status, continues to dictate the male-oriented political and corporate culture in South Korea (Kim & Park,

2003). Korean women are often viewed as docile, caring, sympathetic, kind, helpful and cheap to employ, whereas Korean men are characterized as independent, responsible, aggressive and forceful. The Chaebols have used these gendered images and ideologies of femininity and masculinity to construct desirable workers and encourage gendered job segregation at Chaebols (Kim & Park, 2003).

The ideal corporate form of Korean masculinity is mainly represented by the salarymen, who were middle-class men and full-time salaried employees during the post-war period (Taga, 2005). The association of men (and masculinities) with breadwinning and women (and femininities) with homemaking and caring became the norm in urban areas. The salarymen were viewed as the ideal practitioners of hegemonic masculinity, a type of culturally dominant masculinity that is based on patterns of practice that legitimate men's dominance over women (Connell & Messerschmidt, 2005). The burden of sustaining the hegemonic masculinity of salaryman falls primarily on the Confucian daughter/wife (Mun, 2015). The ideology of the salarymen remains powerful in South Korea today; the discourse on salarymen continues to frame public understanding, both publicly and privately, by reinforcing the link between full-time labor and normative ideals of masculinity rooted in productive patriarchy and dominance in the household (Kim & Pyke, 2015). After the 1997 Asian economic crisis, when men lost jobs, many men failed to fulfill the breadwinning role, causing a masculinity crisis (Kwon & Roy, 2007), which led to increased rates of depression, alcoholism and suicide among men (Khang et al., 2005). Under this circumstance, Han & Ling (1998) argue that Korean women face three layers of patriarchal exploitation: family, state, and economy.

## 2.7. Conclusion

Viewing the uneven and fragmented nature of private governance as the outcome of a process of bargaining, compromise, and alliance formation at the specific issue level, requires attention to a range of actors including state, business, and environmental and labor groups (Levy & Newell, 2005). This chapter has argued for a fresh perspective on current global private governance. A new conceptualization of private governance is essential for understanding the increasing complexity, segmentation and functional differentiation of private governance politics. This dissertation offers such a concept and opens up space for remapping key sites of public, hybrid, and government authority over the environment and labor issue.

Beginning with a more focused review on how IR scholars have studied private governance, this chapter revealed gaps in the current literature. Although the increasing academic literature on private governance has advanced our understanding of why and how private governance has emerged and developed over time, there are considerable gaps in theoretical, empirical and methodological knowledge of private governance. This contested and fragmented approach ignores the fact that private governance problems are not simply an outcome of failures in interactions, but are rooted in international political and economic forces as well as deeply entrenched historical and domestic factors in the local context. From a methodological perspective, there is a need for more detailed studies that can inform our understanding of how global private governance interacts with local contexts in determining the kinds of change that private governance can or cannot bring

about in the local community. By locating private governance within a broader value regime, we can gain more insights into their possible strengths and weaknesses. The value regime approach neither rejects the optimistic deliberative democracy approach, nor greenwashes negative criticism. This perspective goes beyond the governance and government dichotomy in political theory and provides a multi-actor and multi-level perspective in the discipline of IR, suggesting the emergent position of private governance within a larger shift towards a global politics.

The value of using a value regime approach to study the diffusion of private governance in a Non-Western context is that it provides a relatively universal framework within which different types of organizations and issues can be studied and compared. The two ISO standards examined in this research are similar only in the rough alignment of their ultimate objectives, and yet the value regime admits to a systematic comparison. As complex private governance in Korea is associated with the nation's distinctive belief system and hegemonic relations between the state, corporations, and NGOs that differ from the discourses in Western countries, it can be better understood dynamically in a more descriptive way with both historical depth and comparative breath. The prevalent governance regime in Korea differs significantly from those institutionalized in the US or EU. The neo-Gramscian approach, with a historical perspective on micro-level hegemonic contestations and accommodations among multiple actors, enriches the broader conception of power and politics and provides a more dynamic and sophisticated understanding of multi-dimensional and multi-level governance regimes.

In comparison with the areas of environment and labor, gender issues in private governance are more recent. Until recently most of the gendered analyses of private governance conducted at the global level have focused mainly on the role of women or problems of women in developing countries. The limited extent to which private governance research has incorporated gender analysis has been explained with reference to the marginalization of gender issues, and of women's voices. In this dissertation, I move beyond these accounts to explain limitations in gender and private governance research as deriving from men and masculinity. To examine the fragmented universe of private governance, the men and masculinity analyses go beyond simply providing corrections to the gender blindness and show how the use of such theory can progress the field to the benefit of private governance research broadly. Thus, this dissertation extends the understanding of current limitations in the field, opens new conversations and offers a detailed set of suggestions to advance knowledge of private governance in broadly and gender issues particularly.

## CHAPTER 3: ISO AND GLOBAL GOVERNANCE

### 3.1. Introduction

The purpose of this chapter is to provide background information about the ISO and to set the scene for the case study chapters to follow. The chapter then sketches the rise of the ISO as part of global governance to illustrate how the ISO has become an important source of sustainability regulation in the global economy. The ISO has even been considered a possible supplement to the traditional intergovernmental process of global governance (Murphy, 2015). Historian Mark Mazower recognized the International Organization for Standardization (ISO) as the organization that stands at the apex of the largest network of groups that sponsor standard setting technical committees, “perhaps the most influential private organization in the contemporary world, with a vast and largely invisible influence over most aspects of how we live, from the shape of our household appliances to the colors and smells that surround us” (quoted in Murphy, 2015). Despite this significance, the ISO remains a largely understudied in global governance despite their successful performance over half a century (Murphy & Yates, 2009; Hallström, 2000).

As the ISO has decisively moved into major public policy arenas in countries all over the world, the ISO is an important platform to harmonize global governance. The relationship between the ISO and global governance for sustainable development is the

focus of the first section, which explains the essential features of the ISO, and describes how it was developed and its impact on evolving global governance for sustainable development. It does so by tracing the historical origin and changes of the ISO on the global level, then introduces the two case study initiatives as part of the current phase of this process. It describes the ISO's distinctive features, historical genesis, and governance. Beyond the state-centric approach, the development process of the ISO illustrates new forms of global governance.

In contrast to the ISO's traditional focus on technical and performance standards developed by engineers, the ISO 14000's environmental management standards and the ISO 26000 marked a significant change for the ISO as it expanded to other areas, including environmental governance and norms for corporate social responsibility (Clapp, 1998; Murphy & Yates, 2010). From this perspective, the second section presents the two ISO initiatives as some of the most prominent representatives by exploring their origin, aims, and general governance mechanism. Following the development of these two initiatives, I explore the impact that the current program of private governance has on environment and labor issues.

### 3.2. The origin and driver of ISO in the context of global governance.

In contrast to most demands for certification of private governance, which come from NGOs or business actors through their struggles and interactions in market-based capitalism, Yates & Murphy (2015) states that the ISO was initially created to meet needs for industrial standards for the global market. In the nineteenth century engineers in all



industrializing countries realized the need for fundamental standards in units of measurement, measurement tools, and means for assessing accuracy to ensure compatibility in the global market. For example, the ISO sets technical standards for a wide variety of products, such as the different sizes of bolts, the size and thickness of credit cards, and film speed specifications (Murphy & Yates, 2009). Technical incompatibilities were seen as barriers to global trade in the 1940s when ISO was formed. But engineers had created organizations called “standard-setting bodies” at the national and international levels. Most used standard-setting process based on voluntary consensus. The oldest surviving international body is the International Electrotechnical Commission, established in 1906, whereas the oldest national body is the Engineering Standards Committee of Great Britain (now called BSI Group), which was established in 1901 and is concerned with national or imperial standards in all fields (Yates & Murphy, 2015). By the time of the Great Depression, all major industrialized countries had established national bodies belonging to the International Federation of the National Standardizing Associations, founded between 1926 and 1928 (Yates & Murphy, 2015). In the war’s aftermath, ISO, a universal organization, was established and encouraged engineers in developing countries and nearly independent states to create their own national bodies by working with the UN’s technical assistance programs.

Yates & Murphy (2015) explains that the reason engineers were willing to create the private governance voluntarily at their own expense is that they held broad social goals with ‘enlightened self-interest,’ unlike business actors. In 1919 for example, in the wake of World War I, the head of the American Engineering Standards Committee, Comfort

Adams, made a connection of standard-setting to the larger social goal of lasting peace, and saw themselves in a diplomatic role, pursuing the peace of the world.

In a broad sense, international standardization means a common industrial language and the removal of one of those barriers which tend to separate nations and give rise to misunderstandings. The more of these barriers we can remove and the more we come to realize that our interests are after all in common, the more likely we are to attain that lasting peace for which the world longs (quoted in Yates & Murphy, 2006).

Therefore, regardless of national rivalries, cultural differences, or political ideologies, these early engineers considered themselves to be a kind of international social movement for bringing about international and industrial peace, ending poverty, and eliminating waste through cooperation and inclusiveness (Yates & Murphy, 2015). For example, the International Federation of National Standardizing Associations and the post war the ISO succeeded in bringing in the Union of Soviet Socialist Republics (USSR) as a member, and continued to expand their peaceful movement to the rest of the world in the 1950s and 1960s (Yates & Murphy, 2015).

ISO was officially founded in 1946 by delegates from 25 countries and has grown to a network of 163 national member countries. ISO covers all fields involving the promotion of goods, services, or products with the exception of electrical and electronic engineering (Yates & Murphy, 2015). Those fields are covered by the International Electrotechnical Commission (IEC). The IEC's members include technical committees from forty-two participating countries. Those committees represent the interests of their countries regarding electrotechnical matters. However, the ISO and the IEC work closely together (Stenzel, 2000).

Since the ISO began operation in 1947, its central Secretariat has been located in Geneva, Switzerland. Between 1951 (when it published its first standard) and 2016, the ISO issued over 21,000 standards covering almost all aspects of technology and manufacturing (ISO, n.d.). Standards are documents containing technical specifications, rules, guidelines, and definitions to ensure that equipment, products, and services conform to their specifications. The ISO's standards are drafted by technical committees (TC), each of which is charged with the development of standards in a defined area (Murphy & Yates, 2010). As it drafts standards, each TC solicits the input of producers, customers, governmental bodies, and scientists (Murphy & Yates, 2010). Strictly speaking, ISO is neither a private body nor a public body, but a mix of the two, a hybrid regime (Murphy & Yates, 2010), as membership of the ISO is made up of the standards-setting organizations of 117 countries, which are a mix of governmental bodies and private industry associations. The ISO has three categories of members: full members are national standard-setting bodies; correspondent members are organizations that do not have fully developed national standard-setting procedures; subscriber members are countries with small economies that want to be kept informed of the ISO developments. In the 1990s, the ISO's membership document indicated that 53 percent of its members are government departments, 34 percent are various shades of mixed private/public bodies, and 13 percent are strictly private organizations (Clapp, 1998).

Unlike the UN system where states are generally equally represented, the ISO's decision making process is dominated by engineers working for corporations in industrialized countries. There are some 2700 technical committees, subcommittees, and working groups associated with the ISO. The participants in these subgroups are made up

of delegates from member organizations. Despite their expertise and global outreach, a critical scholar sees the expansion of ISO as a market-driven imperative to ensure the high visibility of the ISO brand in the world of standards and the portrayed as a platform to favor the industry, rather than creating standards for the public good (Ecologia, n.d.).

Murphy & Yates (2010) emphasize that the ISO's structure and consensus are made voluntary. As globalization accelerated during 1960-1980s, ISO began to provide the physical infrastructure of today's global economy, which has an impact on almost every sector of the global economy (Murphy & Yates, 2010). In order to respond to the rapid global economy changing, ISO faced new challenges with three major issues, namely stopping the duplication of efforts on creating a standard; reducing the time needed to create standards in new technological fields; and cooperating more effectively with the European economic community, the UN agencies and the General Agreement on Tariffs and Trade (GATT). With the ISO's efforts, Murphy & Yates (2010) considered the form of voluntary governance of ISO a successful case in global governance to solve complex cooperation problems, mainly through engineers who are deeply committed to standard setting with their expertise, technical skills, and enlightenment.

### 3.3. The ISO 14001 and the Global Environment Governance.

A direct impetus for the ISO 14000 series International Environmental Management Standards came from the United Nations Conference on Environment and Development (UNCED) at the Rio Conference in 1992, which was attended by representatives of over one hundred nations. As a result of the Rio Conference, UNCED issued "Agenda 21," a

statement of principles for implementing sustainable development in countries around the world, including both developing and industrialized countries. One recommendation of Agenda 21 was that each country create a national council for sustainable development (SD). In order to respond to the global call for environmental measurement, the ISO established the Strategic Advisory Group on the Environment (SAGE), which was made up primarily of representatives from national standard-setting bodies, industrial trade associations, private sector firms and consulting firms, to discuss and create environmental management standards (Clapp, 1998). The ISO 14000 series of standards for environmental management systems are among the most recent of the ISO standards to be adopted as official international standards. In contrast to national environmental management systems such as the British Environmental Management Standard BS 7750 and the European Union's Environmental Management and Audit Scheme (EMAS), which are seen as trade barriers, ISO Strategic Advisory Group on Environment (SAGE)<sup>4</sup> recommended the development of ISO 14001, which can be applied across countries, with the goal of fulfilling the role set out for it in Agenda 21 (Clapp, 1998).

The ISO established technical committee (TC) 207 to negotiate the development of the ISO 14000 series of environmental management standards in 1993 (Stenzel, 2000). Canada's standard organization, the Standards Council of Canada, chaired TC 207 and about three quarters of the ISO member bodies in attendance at the first TC 207 meeting were mainly from OECD countries. Although the official delegates to the TC 207 meetings are

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<sup>4</sup> SAGE was established in 1991 and brought together representatives of a variety of countries and international organizations-a total of more than 100 environmental experts-who helped to define how international standards could support better environmental management (ISO, 2009).

representatives of the member bodies, these participants come from various sectors. However, it appears that industry groups and environmental consultants have had higher representation than other groups in the activities of TC 207 (Clapp, 1998). For example, nearly four hundred representatives from U.S. industries such as chemical, petroleum, electronics, and consulting firms were actively involved, while only about twenty representatives of government and public interest groups were involved (Clapp, 1998). Consequently, the drafting committee for the standards was made up primarily of executives from multinational firms, standard-setting bodies, and consulting firms, while the chairs of the subcommittees and working groups of TC 207 all came from industrialized countries, with half of the working group chairs being employees of major multinational corporations.

ISO 14001 is the setting of soft standards with significant public policy relevance to set a guideline for developing and standardizing pro-environmental practices to achieve sustainable development. Instead of performance standards, the ISO argued that focusing on standards for management systems would better enable it to be applied globally, as it requires firms to meet existing environmental regulations and reduce a trade barrier (Clapp, 1998; Prakash & Potoski, 2006; Stenzel, 2000). This idea for a management standard approach originated from the ISO's success with the ISO 9000 quality standards, set up in the 1980s, which were based on improving quality via management systems rather than by technical specifications (Clapp, 1998). Thus, the standard established verifiable general requirements for the identification and monitoring of environmental aspects within the framework of an environmental management. To be more specific, the ISO 14001 requires each organization to undertake the following: develop environmental policies with a

commitment to continuous improvement of environmental quality; identify all of its environmental aspects and then prioritize them by the significance of their environmental impacts; establish environmental objectives and targets; develop work procedures to control environmental impacts; train employees on these procedures; demonstrate a commitment to comply with environmental laws and regulations; conduct self-assessment audits; and periodically review their management systems (Bansal & Hunter, 2003; Delmas, 2001; King, Lenox, & Terlaak, 2005). It can be certified by a third-party environmental organization. By the end of 2007, more than 154,572 certifications were issued worldwide based on ISO 14001, making it the most widely used standard in environmental management (ISO, 2009). From the firm's perspective, the standards are more attractive than the command-and-control type of government regulation, and can be used as a marketing tool, as it enhances the environmental image of the firm both to consumers and to other firms.

ISO 14001 has high relevancy to public policy at the national level, as states acknowledge its value and incorporate it into national standards and regulation. For example, China and Japan adopted the ISO 14000 standards as official state policy in early 1997, while the European Union in late 1996 required that any national environmental management standards in EU countries that conflict with the ISO 14000 standards be withdrawn within six months. Also, Mexico and the U.S. Environmental Protection Agency (EPA) seek to find ways to incorporate ISO 14000 standards into their current regulatory structure (Clapp, 1998).

### 3.4. ISO 26000 and Environment Labor Governance

This section outlines the process through which ISO 26000 has evolved and key features of its provisions. It also highlights some of the multiple ways in which the standards interact with public policy. Then, it explains the implications of ISO 26000 for global governance. Although ISO 14001 gained global dominance as quality and environmental management system standards, the fields of CSR seem to be fragmented and missing a globally acceptable standard. In order to responding to that need, ISO Consumer Policy Committee in 2002 published the report on the value of CSR standards (Balzarova & Castka, 2012). After the publication of a report on the value of CSR standards by ISO's Consumer Policy Committee in 2002, ISO's Technical Management Board (TMB) appointed a multi-stakeholder Strategic Advisory Group (SAG)<sup>5</sup> on CSR to advise ISO's Council on whether ISO should develop the CSR standards (Ward, 2011). Therefore, the SAG recommended that ISO develop a social responsibility standard rather than Corporate SR standard, as the scope of social responsibility has no boundaries on the respective roles of public and market actors, whereas CSR emphasizes the responsibility of private corporations (Ward, 2011). Also, the SAG recommends the guidance document instead of specification document which can access the conformity in the fear of NGO's might use against them.

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<sup>5</sup> Members included standards bodies, industry and academics, as well as representatives of the international trade union movement, of the United Nations Global Compact, and one of the most significant international CSR initiatives, the Global Reporting Initiative (GRI). The grouping also included two nongovernmental organization (NGO) participants, from the International Institute for Sustainable Development and from WWF International(Ward, 2011).



As voting is not allowed during the development of ISO standards, the process is mainly based on the voluntary consensus of involved parties encouraging further dialogue and highlighted the issues that need to be discussed (Balzarova & Castka, 2012). From this perspective, the development process of ISO 26000 represents another milestone in multi-stakeholder standard development. While ISO 14001's developmental process was typically initiated and controlled by a relatively narrow set of actors, ISO 26000, on the other hand, provided a much broader platform for stakeholder engagement as the scope of the standard is broader. For example, a working group on social responsibility (WGSR) was launched in 2005 to develop the standard. Recognizing the geographically diverse engagement in the previous ISO process (Brunsson & Jacobsson, 2000), and to show the inclusiveness of the process of developing the standard, the Secretariat for the new WGSR was assigned to two national standards bodies, Brazil and Sweden, which is an unusual north-south arrangement (Ward, 2011). The WGSR is considered the biggest and most diverse group ever created by the ISO, and the participants in the WGSR were organized into six stakeholder categories: consumers, government, industry, labor, nongovernmental organizations, and other (later renamed service, support, research and others - in practice, a mix of academics, consultants and standards bodies) (Ward, 2011). In contrast to the ISO 14000, WGSR created a specific task group (TG) to facilitate participation of stakeholder categories with limited resources, to deal with the criticism that minority groups and national standards bodies from developing countries were underrepresented. Furthermore, the WGSR also organizes special meetings and workshops by representatives from developing countries (Ward, 2011). The drafting process followed the general ISO standard-setting framework, reaching decisions through consensus. The drafting process in

the case of ISO 26000 was complex due to its broad goals and representation. It was based on a broad consensus of the stakeholder groups involved in the development process, and focuses on contextual aspects of social responsibility. In this way, ISO 26000 goes further than the previous CSR standards of the ISO to some areas of social responsibility such as ISO 14000 which essentially focuses on efficient process and aspects of rational control. Therefore, ISO 26000 provides a much broader platform for stakeholder engagement, as the scope of the standards is broader. Unlike other CSR standards, the ISO explicitly emphasizes that ISO 26000 is not a management standard for certification purposes. In contrast to previous standards such as ISO 14000, ISO 26000 is not restricted to specific areas of an organization's responsibility, but is to be understood as an integrated standard within a holistic understanding of social responsibility. While drafting the guidance, ISO closely working with intergovernmental organizations that were particularly active in the area of social responsibility: the OECD, the ILO and the UN Global Compact. ISO created the Memoranda of Understanding with these organizations to be consistent with the respective instruments of these organizations.

With all these efforts, the ISO 26000, published in November 2010, set a higher standard for the social responsibility of organizations, and aimed for use worldwide by private as well as public organizations. It is broadly structured to allow implementation in different economic and cultural areas, sectors and types of organization. Unlike the common term of Corporate Social Responsibility (CSR), the drafters of ISO 26000 dropped the term of 'corporate' from the title to communicate that the standard is applicable to all types of organization and emphasize the social responsibility should be an integral part of core organizational strategy with all levels of the organization. ISO sought to develop ISO

26000 as a comprehensive standard of social responsibility. Instead of focusing on a few specific topics as in other standards such as ISO 14001 (environmental management), ISO 26000 covers a wide range of sustainability issues. As the latest standard in the field of CSR, the standards are divided into seven chapters: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. ISO 26000 uphold that the principles of ILO human right declarations and provides a comprehensive definition of labor practices as one of the core subject of SR (ISO 26000, 2010). In determining the relationship between labor practices and social responsibility, the ISO 26000 stated that ‘the labor practices of an organization encompass all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work’ (ISO 26000, 2010). In addition, ISO 26000 are guiding standards which do not require certification to monitor compliance or certify firms and facilities, in contrast to ISO 14001 (Peña, 2011).

Compared to the ISO 14001’s high relevancy to public policy, ISO 26000 has little concerned. While the ISO 14000 become a requirement for the market requirement within the WTO and the EU, the ISO 26000 do not require to set up the official certificatory bodies to monitor compliance at the national level nor subjected to customary law by nations. However, Accordingly, TMB resolution set the important parameters for the relationship between ISO 26000 and the state. For example, the TMB

Recognizes the role of governments and inter-governmental organizations to set social obligations or expectations, recognizes the instruments adopted by global inter-governmental organizations (such as the United Nations Universal Declaration of Human Rights, international labor conventions and other instruments adopted by ILO and relevant UN conventions), but also that there is scope for private voluntary initiatives in the field of SR,

and concurs that the scope of any ISO activity on social responsibility needs to be narrowed so as to avoid addressing issues that can only be resolved through political processes.

In contrast to ISO 14001, which focused narrowly on specific aspects of environmental management or were aimed at specific industry sectors, ISO 26000 aims to address social responsibility in the broadest sense. Consequently, the stakeholder base is also broad. Critical scholars claim that the ISO 26000 is too generic, as it attempts to cover various organizations including public and NGO. For example, the Special Representative of the Secretary-General for Business and Human Rights, Prof, John G. Ruggie, noted on ISO 26,000 Guidance Draft Document:

The draft Guidance is internally inconsistent on this issue, and beyond the human rights section it is inconsistent with the UN framework. This will send mixed and confusing messages to companies seeking to understand their social responsibilities, and to stakeholders seeking to hold them to account.

Table 4: Direct comparison and content of ISO 26000 and ISO 14001

	ISO 14001 (Environment)	ISO 26000 (Social and Labor Standards)
Standard Setter	ISO	ISO
Type of standard	Certifiable	Guidance, certification is not offered
Scope of standard	Narrow, sector specific for environment management	Broad (social responsibility); generic for all types of organization
Core group	National standards bodies	National standards bodies

Established year/number of membership	Released in 1995 and established by ISO  As of 2011, the total number of ISO 14001-certified facilities in Korea was 8,481, so that the country ranked 6th in the world at that time (Baek, 2014)	Released in 2010
Aim	To provide a universally accepted framework for continually improving environmental performance that can be implemented worldwide.	To provide guidance on the integration of social responsibility into management processes, as well as on the principles of social responsibility.
Assurance mechanisms	Audited by third parties such as private accounting firms (KPMG, Deloitte).	No certification.
Core Subjects	<p>4001 model is built on the cycle of 'Plan-Do-Check-Act' to ensure that environmental issues are systematically identified, controlled and monitored.</p> <ul style="list-style-type: none"> <li>• Environmental Management System Implementation.</li> <li>• Conduct life cycle assessment and manage environmental aspects</li> <li>• Conduct audits and evaluate environmental performance</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational Governance</li> <li>• Human Rights</li> <li>• Labor Practices</li> <li>• The Environment</li> <li>• Fair Operating Practices</li> <li>• Consumer Issues</li> <li>• Community Involvement and Development</li> </ul>

	<ul style="list-style-type: none"> <li>• Communicate and use environmental declarations and claims</li> </ul>	
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## CHAPTER 4: ISO 14001

### 4.1. Introduction

After an introduction to the ISO and each case, this is the first of two case study chapters. Although around half of ISO 14001 facilities are located in Asia and East Asia including China and Japan, South Korea with a long history of voluntary environmental action, it is poorly understood and underreported in Western nations. Existing studies on ISO 14001 have mainly focused on Western business organizations in Western societies or their impact on developing countries (Clapp, 1998). With a focus on the ISO 14001 and environment aspects of private governance in South Korea, this chapter examines how national political and institutional conditions have the influence on domestic engagement with global private environment standards. The literature shows that command and control forms of the old regulatory system were preferred until the ISO 14001 was introduced into Korean society (Baek, 2014). The strong legacy of government by regulation in the environmental policy field shifted to voluntary private governance since the late 1990s.

In fact, the private governance in South Korea stems from diverse sources and patterns of engagement with private environmental governance might differ even among developing countries themselves between less-industrialized and resource abundant developing countries such as those in Africa or much of South East Asia. For example, as

less industrialized developing countries with rich natural resources based their economies on the extraction of natural resources for export, patterns of engagement with environmental private governance has often resulted in environmental degradation through extraction and depletion of natural resources. This environmental depletion led to the destruction of fragile ecosystems (Bartley & Egels-Zandén, 2016; Pattberg, 2006), reduced food supplies (Mol & Oosterveer, 2009), and eventually threaten the survival of local and indigenous populations (Kapelus, 2002). Regarding of local actor's engagement with private environmental governance, existing literature often portrays the local actors (local government) either as passive recipients of environmental private standards (Pattberg, 2006) or focuses on local resistance (local NGOs or farmers) who try to maintain the economy and to protect the traditional ways of life (Wright et al., 2010). Local resistance can be understood as a cultural movement against Western MNE's business culture's centralized control of natural resources including the destruction of communal land use and subsistence fishery, dam construction, and deforestation which is commonly found in developing countries with rich natural resources, such as India, Indonesia, Brazil, and Zimbabwe.

On the other hand, the South Korea context is somewhat different with more urbanization and few natural resources. The major environmental problems are not related to natural resource extraction as natural resources are too scarce to export for economic growth. Instead, South Koreans have developed their export economies based on manufacturing commodities such as textiles and heavy and chemical industries that most developed countries avoid producing due to the severe environmental pollution (Kim, 1999). Consequently, major environmental problems are caused mainly by pollution



from diverse industries, which emit chemical and heavy metal toxic wastes and the rapid urbanization, which the increased volume of household wastes and from agricultural sectors employ chemical pesticides, herbicides, and fertilizers used to produce food for large urban populations (Kim, 1999). Local actors' engagement with private environmental governance in South Korea also has different patterns than those in the less industrialized developing countries. Because western MNE's have a small presence and economic power in Korea, the local business groups, and strong government play a significant role in introducing private governance.

The remainder of this chapter is structured as follow: in a first step, political context and environmental regulation's background is provided. Then the institutional development of the ISO 14001 is described, from the inception to the launch of the formal government organization and the finalization of the standard-setting process. This section aims to explore the struggle of the state, national business and civil society on their power relation in the development Korea's private environmental governance, which evolved from a centralized planned economy (between the 1960s and the 1990s) to a market-oriented economy (from the 1990s to now). As part of this, the second section provides the mode detailed analysis of the inclusiveness of the mechanism's decision-making and arrangement. In a final step, the analytical framework developed in Chapter 2 is used for explaining the discursive and political procession for the private environmental governance at hand. The framework distinguishes three stages in the economic, normative and governance. To recapitulate, in Chapter 2, the field of global private governance is a political one in which struggles and negotiates into two spectrums: from a state-centered model of the government towards a system in which governance has multiple levels and

actors. In this context, private governance in South Korea can be explained neither by market-based nor the critical values. Rather political private governance is contingent upon the complexity of cultural, economic, political, and social relations.

#### 4.2. Development of Environmental Regulatory Policy and Environmental movement in Korea: An Overview

To understand the development and process of voluntary private standards of ISO 14001 in the context of South Korea, this section traces the chronological narrative of environmental regulatory policy and environmental movement in South Korea by examining the evolution of the political, economic structures since the Korean War in 1953. Based on the longitudinal content analysis of industrial journals and reports, this section provides the progress of environmentalism and environmental regulatory by loosely defined stages by timeline with historical events.

Table 5: Characterization of Korean Green Movement

	1 <sup>st</sup> Period	2 <sup>nd</sup> Period	3 <sup>rd</sup> Period	4 <sup>th</sup> Period
Participants	Victims	Victims and third parties	Victims and third parties	General public
Timing of action	After incident	After incident	After/before incident	After/before incident
Sphere of activity	Localized	Localized	Regional	National and global
Target of activity	Polluter	Polluter and government	Government and polluter	Public and government
Major activity	Ulsan area protest	Onsan area protest	Anti-nuclear movement	Education, monitoring and anticipation

Impact on government policy	None	Little	A little on implementation	Much on formulation and implementation
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(Source: Jeong & Lee, 1996; Koo, 1996)

Table 6: Evolution of corporate environmentalism in Korea

	1970	1980	1990	2000
Corporate environmentalism	Ignorance	Resistant compliance	Strategic compliance	
Environmental issues (Critical Events)	Environmental conservation law	Korean EPA; international environmental accidents (Exxon, Bhopal, etc) Seoul Olympics	Environmental accidents (phenol leakage, 1991: artificial lake contamination, 1995; environmental NGO's influence; international environmental agreements (Kyoto Protocol, etc.); International Standardization (ISO, etc); strict regulation	
Social perception	Ignorance	Minimum concerns; priority on economy growth	Environmental concerns and activities	
Industry response attitude	Ignorance	Environment as an unnecessary cost	Compliance is indispensable; possible to find strategic opportunities	
Responsive approach	Ignorance; minimal pollution control	Minimal pollution control with compliance	Rigorous pollution control; systematic and whole organizational approach	

(Source: Lee & Rhee, 2005)

#### 4.2.1. The Pre-1960-1970s- From the ignorance Era.

The initial environmental regulatory stems from developmental state ideology with the continuous confrontation with North Korea and the sake of national security (Kim, 1999). After World War II, war broke out in the Korean Peninsula in 1950-1953. With the lack of the natural resources and destruction of the war in the 1950s, the Korean government could not afford to be aware of environmental issues. The backbone of environmental policy and administration in Korea was initiated after Park Chung-Hee, an authoritarian political leader, took power in 1961 (Maggi & Yoon, 2000). Under the conditions of the North-South division of the Korean Peninsula, president Park exploited the political ideology with policy goals of “self-defense,” “stability,” and “growth” to legitimize the authoritarian political regime (Maggi & Yoon, 2000). President Park initiated the Five-Year Economic Development Plan in 1962. Korea recognized that industrial smoke was a symbol of Korea's economic development. That is what Park Chung Hee (1962-1979) said at the Ulsan Industrial Complex in 1962, “dark smoke arising from factories is the symbol of our nation's growth and prosperity” (quoted in Maggi & Yoon, 2000). As the industrial complex had grown rapidly in the 1960s, factories recklessly spread air pollution, water contamination and industrial waste inevitably led to endangering the health and lives of both employees and residents in industrial complexes areas. The first environmental law, The Public Nuisance Prevention Act was enacted in 1963. It consisted of 21 articles and was modeled on Japanese legislation. It was replaced with the more comprehensive Environmental Preservation Act in 1977 (Maggi & Yoon, 2000). However, it did not work properly to preserve the environmental issues of those days, which were caused by economic development. Rather, this Act was introduced more to attract foreign investment

(Maggi & Yoon, 2000). By prioritizing economic growth, the government's policies at this period were simply to ignore calls for environmental protection. As a result, the government in this time completely favored industry by repressing the residents' complaints. For example, the Korean government offered to compensate pollution victims and relocate the people in other areas but always with very favorable terms and results for big industry (Maggi & Yoon, 2000). Under an authoritarian political regime, antipollution movements during the late 1960s were considered as antigovernment movements. Thus, the environmental movement was only led by scattered groups of residents suffering from industrial pollution (Ku, 1996). To continue the rapid growth during the 1970s, the Korean government stimulated the establishment of heavy and chemical industries (Maggi & Yoon, 2000). As a result, pollution and damage spread across the nation, especially surrounding the industrial areas established by the government. The local complaints were becoming numerous. To response the pressure, the Public Nuisance Act was replaced with the Environment Conservation Act (ECA) in 1977, introduced as a first comprehensive environmental legislation and there have been some shifts of industrial attention to the environment (Maggi & Yoon, 2000).

The ECA introduced a set of criteria and sanctions mechanism including the announcement of environmental standards, environmental monitoring, setting and control of emission standards and administrative regulation and criminal sanctions for violations of environmental regulations (Maggi & Yoon, 2000). Despite its great potential for dealing with environmental problems, the government did not implement the measures prescribed the ECA because the government was concerned that the strict implementation of ECA could slow down the economic growth by causing the burden the industry. Thus, the ECA

had remained ineffective until a major policy change was made in the early 1980s (Maggi & Yoon, 2000). By the mid-1970s, since there was no social awareness or regulatory enforcement of the environment, industry had no incentive to pay attention to environmental issues. At that time, economic growth was the first priority throughout the whole Korean society. Any influential regulations were rare, and governmental organizations that cared about the environment were not established. Although the Ulsan and On-San heavy industrial complexes emitted many pollutants, the problem did not get any attention. Industries were not encouraged to care about the environment, but only to develop the Korean economic growth. This was the dark period of the environmental movement, harshly suppressed by the government and not receiving broad social support. Only individuals were allowed to negotiate with pollution industries for financial compensation and legal settlements instead of groups or organizations (Ku, 1996). Therefore, there were virtually no citizens environmental organization with a concrete ideology and organizational structure (Ku, 1996).

#### 4.2.2. The 1980s: Anti-Pollution Movement

There was the major development of environmental policy and movement in the 1980s. Due to the assassination of President Park in October 1979 and the successful democratization movement, freedom of speech was bolstered in June 1987 and accelerated by the 1988 Seoul Olympic Games. In this context, the number of environmental regulations increased eightfold during the 1980s, and the regulation system became more extensive and sophisticated than before. For example, for the first time, the Constitution of

1980 had guaranteed people the right to live in a clean, healthy environment under the influence of arguments within Japan and the United States (Maggi & Yoon, 2000). Subsequently, in 1980 the government established the Environment Administration as a subcabinet agency in the Ministry of Public Health and Social Affairs to meet the environmental control requirements. With all these efforts, the government is gradually making visible successes. For instances, the air quality in largest cities was improved during this period (Maggi & Yoon, 2000). Similarly, industry's concern about the environment began to develop. A statement that the 'environment causes unnecessary costs,' and that it 'needs to comply with regulations with minimum expenditure' expressed industry's attitude on environmental issues (Lee & Rhee, 2005). Compliance was the dominant response of the industry by the late-1980s. From the environmental movement perspective, by enjoying the opening and democratizing atmosphere, the environmental movement gained the momentum on an extensive scale along with the democratic movement. Unlike the 1960s and 1970s, as the environmental movement join a part of the nationalist-democratic movement, the major actors for the environmental movement were social activists who often raised political issues and attracted numerous professionals to react against aggressive industrialization resulting from the military dictatorship's development policy (Eder, 1996; Ku, 1996). Consequently, environmental NGOs were related to various anti-government movement. As a result, their role was not only to support the victims from pollution problem and but also to critique government development policy (Kern, 2010). The movement used militant and political slogans and actions. For example, the form of the movement led by most victims had to demonstrate and go on sit-in strikes and mail letters because there were no professional environmental organizations that could

professionally support them (Eder, 1996). This protesting method was repressed and recognized as radical action by the military government (Ku, 1996).

#### 4.2.3. The 1990s to present: The strategic compliance era and go global

This period is meaningful in the history of Korean environmentalism because many social concerns about environmental problems arose at this time. As political liberation began and the middle-class people improved their material quality of life during the 90s, they were no longer concerned about having sufficient food, clothing, and housing. They gradually become aware of the environmental damage. The environmental non-governmental organizations (NGOs) were systemically organized and increased their influential power.

There were several environmental accidents during 90s such as the phenol leakage from an electronic company where the phenol ran into a big river and contaminated drinking water. Other problems included a devastated artificial lake in 1995, a controversial dam construction in 1997, and the reclamation work of a tidal flat in 1999 (Lee & Rhee, 2005). To respond to increasing pressure from the public and cope with environmental accidents, The Korean EPA was reborn as a bigger and stronger organization called The Ministry of Environment in 1991 to strengthened the enforcement capacity and authority (Lee & Rhee, 2005). Now the Minister of the Environment is a member of the cabinet chaired by the President. In 1995, the government provided the ambitious timetable called the “Green Vision 21” to improve the environment, and an incentive-based mechanism was adopted as one of the principles of Korean environmental regulation (Lee & Rhee, 2005).



The regulations increased their strictness. Several ideas and techniques, such as the environmental management systems (EMS), life-cycle management, environment-friendly products and production, and cleaner production were introduced in Korea in the mid-1990s (Lee & Rhee, 2005).

Also, the Korean government's participation in international environmental negotiations expanded greatly during the 1990s. Korea has ratified or signed major global environmental agreements, including the Montreal Protocol on Substances That Deplete the Ozone Layer (1992), the Convention on International Trade in Endangered Species (CITES, 1993), the Basel Convention on Hazardous Waste (1994), the United Nations Framework Convention on Climate Change (UNFCCC, 1994), the Convention on Wetlands (RAMSAR, 1997), the Convention to Combat Desertification (UNCCD, 1999), and the Kyoto Protocol (2002). In 1994, Korea also joined the Global Environmental Facility (GEF), which provides grants for environmental projects in developing countries (Yoon, 2006). Particularly, the implementation of the United Nations Conference on Environment and Development (UNCED) in Rio 1992 had a great impact on the Korean environmental movement in many aspects. For example, as the environmental movement in Korea expanded rapidly and reached out internationally by building the networks in globally, it shifted the focus from the local environmental issues to protest against water pollution and nuclear waste disposal to international and global environmental problems such as climate change and sustainable development (Maggi & Yoon, 2000). Following the UNCED in Rio de Janeiro (Brazil) in 1992, the number of Korean environmental organizations jumped yet again from 89 in 1997 to 175 in 2001 (Kern, 2010).

As democratization progressed after the collapse of Doohwan Chun regime, the military president, by the June Protest of 1987, democratic reform provided a more democratic opportunity for environmental groups and citizens to express their environmental views. As a result, the major actors in the environmental movement became the ordinary citizens for the first time in contrast to the professional and elite groups in the 80s. (Ku, 1996). It expanded not only in size, but also changed in quality. Instead of just fighting for compensation, it began to focus on ecosystem preservation and the welfare of future generation through recycling and forest protection campaigns. (Ku,1996). In contrast to the old anti-pollution movement considered government and corporation as the violators. This created the hostile struggle between the two in the 1980s, Ku (1996) suggest that the environmental movement embraced the government as a partner and stakeholder in 90s. The Korea government also changed its attitude and embraced the citizen's movement. In 1992, the government adopted a more inclusive environmental policy-making process by including the citizen as a stakeholder. The citizens were able to have the power to involve in environmental policy-making (Maggi & Yoon, 2000).

Environmental movement organizations mobilized resources efficiently and systematically with a new strategy to pressure the government and big business. Victims organizations brought their issues to the attention of the public with the support of professional environmental movement organizations. Companies not only complied with domestic laws, they but also began to care about the international environmental standards. Many Korean companies were going into the global market (Lee, Kim, & Ahn, 1999). These corporations became proactive in recognizing the necessity for the establishment of a comprehensive and systematic environmental management.

#### 4.2.4. Conclusion

As Korea has been experiencing the rapid economic growth with an average GDP growth rate of greater than eight percent per year, inevitably the environmental problem was accompanied by the experience of the rapid industrialization and urbanization. To respond to the increasing public concerns, the Korean government has changed its main goals from economic prosperity with preservation of the environment. On the other hands, the environmentalism in Korea originated from the social, ideological and political responses to military dictatorship oppressive economic growth policy. As the environmental regulatory system and environmentalism in Korea originated from the collective action of environmental victims and later was politically mobilized against military dictatorships, the private environmental governance in South Korea cannot be understood without considering the economic developmental agendas followed for decades by dictatorships (Lee et al., 1999).

In sum, before 1995, the government prioritize the economic growth over the environment purpose (Lee & Rhee, 2005). Even though social environmental concerns have increased during the past decade, economic development still has a top priority in the Korean situation. That is why proactive environmental strategy is shown only in a small number of Korean companies. So the prevailing motto is the well-known export drive, which reminds us the old motto “strengthening competitiveness at all costs,” and “growth first, clean later.”

### 4.3. ISO 14001 in South Korea

#### 4.3.1. Inception

While the governments in western countries do not intervene the adopting ISO, Shin (2009) points out that the government in developing economies actively participated in the adoption of ISO 14001 despite its voluntary nature. Particularly, in Northeast Asia, the government is the main actor to adopt international norms and utilize them as political policy. Thus, the Korean government quickly and enthusiastically announced its support of ISO 14000, as the concept of sustainable development became more connected to Korea's domestic political priorities at the end of the 1990s and early 2000s.

The Ministry of Commerce, Industry, and Energy (MOCIE), the most influential entity relative to domestic economic policy, was in charge of promoting the diffusion of ISO 14001 since 1996, to improve environmental quality by creating favorable conditions for corporations by providing legal and financial incentives (Baek, 2015). For example, The Korean government established a voluntary law Act for Conversion to Environmental-Friendly Industry Structure (PACEFIS) in 1995. This law was established in response to the UNCED in Rio de Janeiro in 1992 for improved environmental quality, the GATT Uruguay Round Ministerial Decision on Trade and the Environment in 1994, and the related launch of ISO 14001 by ISO (Park 2013). Furthermore, this law encourages the Korean government to establish policies to promote the diffusion of voluntary environmental standards in Korea (15th article) and also frames environmental management as a legitimate and desirable organizational innovation to fulfill environmental responsibilities (Baek, 2014, 2015). Although PACEFIS is not legally

binding, this law plays a major role in creating social expectations about corporate and governmental commitment to environmental responsibility (Baek, 2014, 2015). Also, PACEFIS conveys the message that firms certified to ISO 14001 are fulfilling these social expectations (Park, 2012). In other words, this law conveys a strong signal about the significance and social value of ISO 14001 (Baek, 2014, 2015).

As noted above, the Korean government took the initiative to promote firms' adoption of ISO 14001 by legislating PACEFIS in 1995. In response to this law, the Korean government offers various incentives mainly for SMEs seeking ISO 14001 to overcome their insufficient resources and their lack of information about ISO 14001 program. There is a range of types of incentives, but they fall into four main categories: tax credits, subsidies, technical assistance, and special consideration for certified firms applying for government-sponsored programs (Baek, 2014, 2015). For tax credits, the Korean government provides 3 to 5% tax credit for the certification fee for small to medium firms adopting ISO 14001. For SME, the Korean government provides subsidies with a maximum of \$7,000 for the fee of ISO 14001 and technical assistance with diverse information about international management standards and programs to learn about certification processes (Baek, 2014, 2015). For special consideration of contracts, ISO 14001-certified firms can gain 'extra points' when they seek a government-sponsored voluntary environment program known as the "Environmental-Friendly Company" (Baek, 2014, 2015).

The MOCIE has put most environmental management assistance policies or programs in trust to the Small and Medium Business Administration, Small and Medium

Business Corporation, and Korean Agency for Technology and Standards (KATS). KATS is a government agency that has been leading national and international standards in the Republic of Korea since it was founded in 1883 as an official analysis and testing laboratory. The Korean Agency for Technology and Standards (KATS)<sup>6</sup> officially became a member of ISO in 1963 and is one of the officially participating 'P' members of ISO/TC 207, which has been working on ISO 14000 series (The Korean Agency for Technology and Standards, n.d.).

The Korean Industrial Advancement Administration (KIAA), under the umbrella of the MOTIE was in charge of ISO and changed to Korean National Institute of Technology and Quality (NITQ) in the process of governmental reorganization. KIAA launched a pilot program for the experimental accreditation of ISO 14001 and selected a sample of 41 companies in April 1995 for a one-year process of guidance and auditing. Following successful experimentation, the second pilot program started in early 1996, and the formal accreditation scheme was formulated and implemented in October 1996 (Lee et al., 1999). Also, The Korean Accreditation Board (KAB) was founded as a nonprofit,

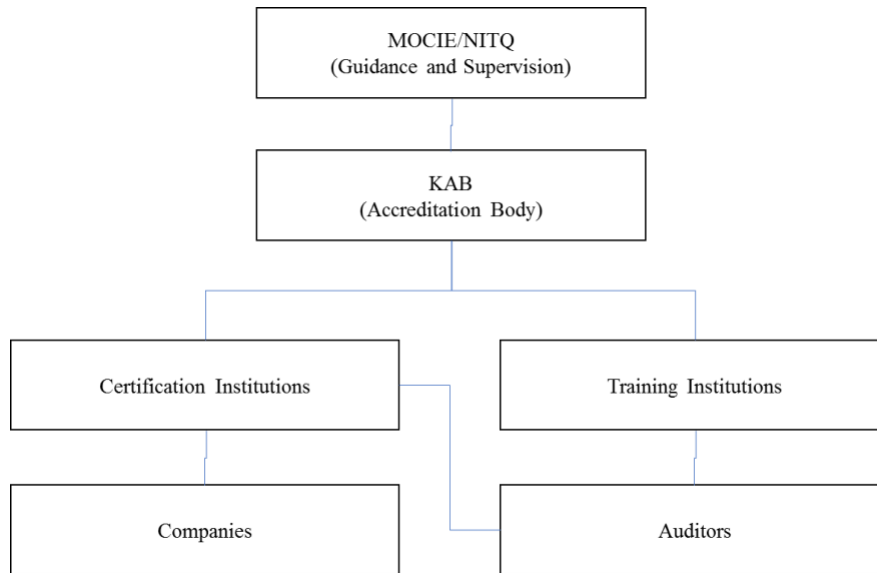
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<sup>6</sup> KATS contributes to international standardization with the following objectives:

- to provide technological infrastructure to support Korean enterprises to be recognized internationally by evaluation and certification of technology and quality
  - to enforce product safety
  - to improve quality of life through standardization.
- To achieve the above objectives, KATS undertakes
- to harmonize Korean Industrial Standards (KS) with international standards
  - to manage the national legal metrology system
  - to accredit testing
  - to conduct research for standardization, and
  - to endorse international mutual recognition agreements in the fields of standardization and conformity assessment and legal metrology.

private organization which plays a key role for accreditation, registration, and conducting oversight of ISO 14000 series. As the KAB performs on behalf of government agencies such as MOCIE, and KATS, they are still indirectly under the control of the government (The Korean Accreditation Board, n.d.). The amendment in 2001, transformed the certification system of ISO 14001 from a governmental to a private certification system, to comply with ISO policy (Park, 2013). Thus, a total of 100 certification bodies including the Korean Management Association Certification Center, which is approved by the KAB, carry out the auditing of certification under ISO 14001. As of August 2015, there are about 8,400 companies that have been certified in Korea. Certification is to be renewed every three years (Kang, 2015). Initially, the KAB certified ISO 14001 compliance, but in 2002, the government changed the law to allow third-party auditors to certify. Therefore, the number of third-party auditors has increased dramatically. While corporate environmental management policies of the central government mainly take place in the MOCIE, the Ministry of Environment has entrusted most environmental management assistance policies and programs to the Korean Environmental Industry & Technology Institute.

Figure 1: Korean Case



In 2015, 319,324 facilities were certified to ISO 14001 across the world. The adoption of ISO 14001 in South Korea has greatly increased. The number of facilities in Korea that have adopted ISO 14001 increased from 309 in 1999 to over 5,436 in 2015, which was second only to the USA, which had a total of 6,067 certified facilities. According to ISO survey of 2012, Korea has more ISO 14001-certified facilities than any country in the EU. (ISO 14001 Survey, 2014). As opposed to 7,034 sites in Germany and 11,479 sites in Korea as of 2012, there are just 5,699 sites in the U.S. that are ISO 14001 certified.



Table 7: Top 10 countries for ISO 14001 certificates – 2015

Rank	Country Name	# of Certificates
1	China	114303
2	Japan	26069
3	Italy	22350
4	United Kingdom	17824
5	Spain	13310
6	Romania	10581
7	Germany	8224
8	France	6847
9	India	6782
10	United States of America	6067

Figure 2: ISO 14001 – Regional Share

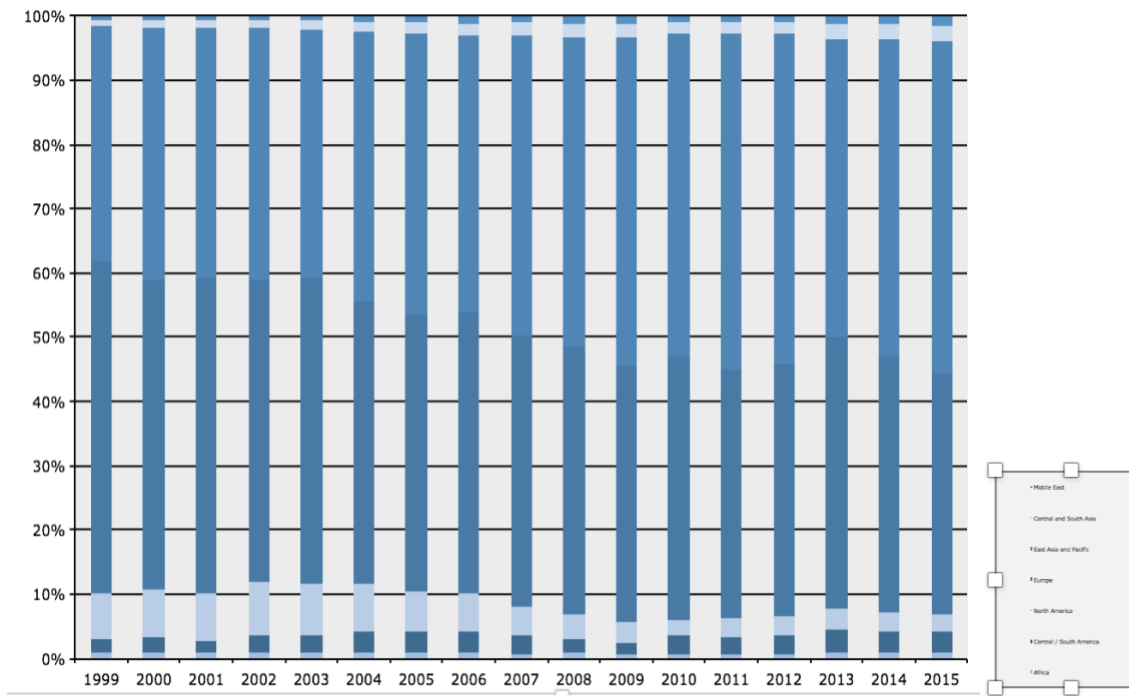


Table 8: ISO 14001 Adoption across the EU, Korea and the U.S.

Country	The number of sites as of 2012	The number of sites per \$Billions of 2012 GDP at PPP
Germany	7034	2
France	7975	2.5
Belgium	1026	2.1
Greece	657	1.8
Korea	11479	6.6
U.S.	5699	0.3

#### 4.4. The politics of environmental private governance.

Why has ISO 14001 adopted a highly top-down structure? Despite the voluntary nature of ISO 14001 standards, why is the Korean government body highly involved? To explain this variation in diffusion outcomes, this section traces the dissemination of the value regime theory of ISO 14001 to characterize the key debates that exist in the private environmental governance in the domestic political, economic and social discourse. The value regime approach provides a dynamic understanding of the changing discourses of Korea's unique private environmental governance regime. With a gradual institutional transformation from a developmentally-led model in Korea's planned economy, to the market-based economy, the power relations among multiple stakeholders have been visible in the development of private environmental governance. This section presents an analysis of different actors including state and non-state perspectives on adopting ISO 14001 to build resistance or to sustain hegemony stability in the private environmental governance.

#### 4.4.1. Economic Value

Depending on the ways various actors' adopting ISO 14001 construct the meaning of private environmental governance, the utilization of ISO 14001 can vary from purely economic benefits to the protection of the environment. In the case of South Korea, as stated above, the government was actively involved in ISO 14001. How has ISO 14001 been governed, and by whom? This section outlines the overall interests and economic incentives of key actors such as the government, administrators, business associations as well as corporations and environmental NGOs in adopting private environmental governance in Korea by exploring their different situations and roles.

*From the government's perspective,* as stated above, Korea's voluntary environmental policy has developed since the UNCED in response to international pressure. In this context, Korea has responded to the call for sustainable development by introducing ISO 14001 and making numerous financial contributions. Reacting to the dramatic global demand for environmental action, the Korean government recognized the importance of environmental management as a kind of strategic policy tool for Korean economic growth and sustainable development. Due to rapid industrialization and economic growth after the mid-1980s, the Korean government faced serious environmental challenges and suffered from heavy environmental pollution. With ever greater concerns over the green performance of Chaebols, the government has realized the significance of sustainable development and has started to emphasize the environmental performance of industries with high consumption and heavy pollution (Lee, 2002). Consequently, the Korean government increasingly recognized the importance of sustainable development and its

related desire to achieve energy independence and cleaner development as an objective “national interest” in tackling the problem as part of the economic growth ( Lee, 2002; Wanner, 2015).

As Korea’s economic growth is highly dependent on Chaebols’ production for export markets which play an important role in Korea’s economic growth, the Korean government’s incentive in adopting ISO 14001 was not just to satisfy international organizations’ pressures but also to gain international market access. For example, Korea’s export dependencies and import dependency are 43.4% and 38.8%, respectively, and trade dependency is 82.2%, which is the highest among the G20 countries (Sim, 2010). Park (2013) notes in her dissertation on the role of government in diffusing ISO 14001 in Korea that the national export industry would have been negatively affected if such regulation had not been adopted in a timely manner. In this context, the Korean government’s adoption of ISO 14001 standards is intended to improve the exportation competitiveness of national products as well as overcoming barriers to international trade, rather than focusing on the protection of the environment (Park, 2013). According to the documents of PACEFIS’s first comprehensive policy in 1997:

Environment friendly industrial development is defined as the direction of industry development that can solve the problem of our industry such as low competitiveness, lack of resources such as energy, labor and environment and safety.

As can be seen from the above statement, as the trade is important for the economic growth, the Korean government adopted ISO 14001 as a legislative and internalized it through policy support. Park (2013) argues that ISO 14001 has been promoted in order to

overcome the weakening of domestic industrial competitiveness due to the changing international environment through the transformation of large-scale industrial structures, rather than considering the environment itself. As the productivity level of Korea corporations was 50-60% of that of developed countries in 1995, the government aimed to support domestic export-oriented companies with low productivity and low energy efficiency (Park, 2013). Furthermore, the government's direct support for ISO 14001 is mainly targeted at export companies for securing export markets for domestic companies in preparation for international environmental regulation and trade barriers (Park, 2013).

In sum, the policy-making and implementation processes surrounding ISO 14001 standards illustrate how the government treated the environment as merely an instrument for fulfilling its national economic goals. Also, the government sees prospects to leverage this new form of private environmental governance to advance national policy, shape business practices, and supplement enforcement by reducing regulatory fees (Lee, 2002).

*From the perspective of the chaebols*, there are multiple economic reasons for adopting ISO 14001 standards. Those reasons will be discussed below in three categories: (1) to avoid strict government regulation, (2) to access the global market, as the majority of their sales come from overseas, and (3) to work towards a new paradigm of proactive approaches to environmental management with governmental pursuit of sustainable development.

First, As Korea entered the OCED in 1997 and WTO in 1994, there was a clear international pressure that the government found inevitable to increase the different types

of international environmental regulations during the 1990s. For instance, the number of environmental laws in Korea increased eight fold during the 1990s (Ku, 1996). Under the government's protection, chaebols formerly had engaged in production activities without any environmental concerns. As a result, under such an authoritarian hegemony in Korea's planned economy, the state was not aware of the environmental damage that eventually led to huge environmental costs for the sake of rapid economic growth. However, Korean environmental regulations, which focused on air, water, and industrial waste, became more stringent every three years during the 1990s (Lee & Rhee, 2005). To avoid the government's environmental regulations, industry favors private regulation (Joo & Kim, 2001). Business leaders desire to avoid government regulation and move toward self-regulation, and ISO 1400 did not create legal standards, but was designed to help business manage their environmental obligations.

Second, corporations recognize the potential for economic gain in integrating the international market, international buyers and NGOs. Also, corporations turned activist pressures and reputational threats into a strategic opportunity by adopting ISO 14001. According to Lee et al. (1999), the corporations' response to ISO 14001 was to adjust themselves quickly to adopt the ISO standards and recognize them as part of their green marketing strategies through the use of certification for corporate image promotion. ISO 14001 provided this opportunity through the ethical brand value, which could be captured by the corporation.

“We do adopt the all of the global CSR standards, since we are dealing with lots of different countries as supplier or buyers from US, EU, Asia. Thus, each country requires different types and CSR standards. Thus, our strategy

to respond to different international demands, we adopt all of them such as ISO 26000, UN Global Compact and GRI. (Corporation.1)”

“As a latecomer in private governance (CSR), we are sensitive to what international trend and demand. Thus, we adopt the what international requires to do. (Corporation.1)”

From the above statements, it was shown how Korean business groups are sensitive to the international market and demands. Third, over the last two decades, chaebols have gradually shifted from a narrow, reactive approach to a more proactive by integrating the green environment performance as a business strategy. Companies started to embrace external pressures strategically instead of resisting or delaying their adaptation. As ISO 14001 requires a company to prepare an environmental policy which addresses practices such as reuse and recycling of materials, minimizing waste and reducing hazardous emissions, and evaluating the environmental impact of processes and materials, it promotes a new corporate culture by providing a new paradigm for corporate behavior, moving from passive to proactive environmental protection. Pung, Lee, & Jeon (2014) interview with 27 companies about their approaches to environmental issues supported this finding. Over 60% of respondents said attitudes or responses to environmental issues had changed during the 1990s. The following comments represent three kinds of company attitudes: ‘since the environment is just a cost-center, we should reduce those costs as much as possible,’ ‘the environment is an indispensable condition for running a company,’ and ‘there can be a win-win situation between environmental improvement and competitive advantage.’ Nine companies (33.3%) shifted from the ‘cost-center’ perception to the ‘indispensable condition’ point of view, while eight companies (29.6%) moved to the ‘competitive

advantage' attitude. Korean companies began to rethink and change their minds during the 1990s (Pung, Lee, & Jeon, 2014). Today, some of it is still little more than greenwash. The commitment and implementation of ISO 14001 have accelerated in recent years, as these companies compete to define and integrate environmental considerations into their core operations, products, and supply chains, ultimately linking them to sustainable development. According to the study of the impact of ISO 14001 certified companies in Korea through a questionnaire survey, Kwon, Seo, & Seo (2002) found that ISO 14001 certified companies showed greater improvement in environmental performance than non-certified companies for environmental situations. Chaebols have actively developed corporate environmental policies, codes, and programs. As a result, Chaebols are reaching beyond government regulation on issues such as toxics reduction, water conservation, renewable energy, and greenhouse gas emissions. Through Chaebols' efforts, the corporate environmental sustainability goals reach further, include measurable targets, are audited by independent groups, and are integrated into the core business through increasingly standardized business tools, such as life-cycle assessment, supply chain tracing, eco-certification, and sustainability reporting (Lindgreen, Swaen, Maon, Lee, & Kim, 2009). Also, Chaebols improve not only continuously upgrading their original production equipment and emission facilities, but also helping subsidiaries to deal with resource-wasting and waste discharging issues to improve the green performance of the entire family group (Kwon et al., 2002).

*NGO perspectives:* Unlike Western NGOs' sophisticated activities, the Korean environmental NGOs are still nascent in terms of utilizing international norms to pressure the Chaebols and government. Although NGOs have found it difficult to be equal partners



with the government and chaebols due to the lack of financial resources and knowledge on private governance, they have developed different strategies and skills by engaging with ISO 14001.

“As Chaebols became the global companies, Chaebols have to pay attention to the international norms and rules. Thus, Korean companies have to move beyond the local government regulation. (Academic.3)”

NGO raised concerns about the private environmental initiatives’ potential negative impacts on the ecosystem, national and local economy. However, in the NGOs’ points of view, ISO 14001 serve the industry objects by mainly performing well in annual environmental assessments and obtaining certification from an auditing company (Hwang, 2008). In light of their skepticism about government-sponsored ISO 14001 programs and Chaebol’s commitment to superior environmental performance, environmentalists’ have created their own monitoring mechanisms that prevent false performance and auditing systems (Hwang, 2008). Environmental NGOs made a significant contribution to the rise and growth of environmentalism by merging global themes with local traditions.

#### 4.4.2. Normative Values

The political and institutional legacies from the era of the authoritarian developmental state have still shaped the policy of ISO 14001, which helps us understand the continuing executive dominance, marginalization of civil society, top-down policy-making, and implementation of state-imposed policy. Since the 1960s the national government has been subsidizing Chaebols as part of its national strategy for economic growth. The Chaebol

relies on the government to gain legitimacy and financial resources, while the government also depends heavily on the Chaebol to fulfil both its political goals. In this circumstance, the close relationship between corporation and government suggests a need to rethink the nature of the actors who engage in private environmental governance politics. The existing literature considers businesses and NGOs as the primary creators of private environmental regulation (Levy & Newell, 2005; Pattberg, 2006). But in a developmental state like Korea, in which many policy contests are resolved within the state-business relations, the government has significant power in adopting private environmental governance.

*The Extension of developmental state:* Although move towards a more neoliberal economic ideology after 1997 and voluntary environmental governance is seen as one of the boldest environmental policy maneuvers undertaken by the Korean government, residual forms of the developmental state are evident throughout the cases of private environmental governance. The economic planning and industrial policy were reinvigorated through ISO 14001 (Park, 2013). It may be considered an evolved form of economic modernization that seeks to reconcile the conventional aims of economic growth with sustainable development, and essentially prescribe gradual, adaptive change rather than radical or revolutionary changes to economic and societal structures. The inherent neo-liberalism embedded in ISO 14001 matches with the developmentalism of economic growth in South Korea. From the neoliberal trade perspective, the government realized that ISO framework is compatible with economic growth. Park (2013) points out that ISO 14001 is integrated with sustainability with environmental regulation to access the international trade market. The government is highly concerned with national competitiveness. ISO 14001 is seen as bringing benefits for environmental sustainability

and financial performance. In pursuit of this environmental and financial excellence, it has been argued that corporations need to put into practice more innovative and proactive environmental programs with a new regime value. In this context, the government used the ISO 14001 standard as a tool to control economic growth and policy, because it stabilizes the conflict between environment and economic growth. Korea's stance on ISO 14001 reflects its prioritization of its economic interests in its environmental policy (Yoon, 2006). The incorporation of the environmental issue is the means to achieve green economic growth and international economic competitiveness. Therefore, the idea of, and transition to, sustainable development are based on economic growth and the government policy adopting ISO 14001 is perceived as a source of extension of economic growth. Under this circumstance, government action is needed to provide the correct mix of market-based and state policies. The government's involvement in neoliberal environmental governance played the crucial role of constructing capitalist society relations. In the political dimension, the private environmental governance is seen as merely an ingredient to establish the market and make it work more efficiently and effectively to achieve economic growth in Korea.

“Based on the survey, Korea is asking corporations to create economic growth and jobs as corporations' responsibility, as a high priority. Especially, there was economic stagnation since 2008. Following that, the environment is second. The environment has double standards. For example, in South Korea, we have high knowledge of environmental issues as an important social problem. For example, nuclear plants: as nuclear plants are increasing; there are associated environmental problems. However, Korea favors setting up the nuclear plants over environmental considerations for economic reasons. In practice, people care about the economic facts. We still remain in a normative approach. There is a gap between the normative and practical on the environment. The high knowledge of the environment provides the basic condition to make a radical choice for environmental issues. But in reality, it is not practiced. (NGO. 4.2.)”

The developmental state instilled the instrumental view of the environment as an object to be exploited for national economic development, and prioritized government and business entities vis-à-vis domestic non-state actors in fulfilling the national economic vision. The developmental state approaches to ISO 14001 can also be founded within the government agency. As an illustration, the MOTIE are likely to maintain a top-down approach to private environmental governance. As Lo & Leung (2000) point out in their environmental governance study in China, environmental agencies in developing countries tend to be weak, with restricted powers to task a strict stand on tackling environmental regulations, as it is feared they may slow down growth. Thus, with a strong pro-growth policy, the MOCIE subordinated environmental protection to economic interests whenever the two have been conflicted (Lo & Leung, 2000). Similarly, the participants also responded as below statement.

“Ministry of the environment is not exercising their power properly as their mission serve the economic reason first. (NGO.4)”

*Corporate perspective:* Mutual interdependence exists between government and Chaebols, which created positive conditions for the introduction of voluntary environment governance of ISO 14001. Both government and Chaebols felt it necessary to adjust to the environmental changes that Korea was facing in the 1990s due to the threat of international trade barriers and low energy efficiency. For example, Korea’s environmental policy tends to place its economic interests as a higher priority than environmental degradation, as its stance on ISO 14001 standard has shown that economic interests have overshadowed the

country's proposed environmental policy goals (Yoon, 2006). When the government introduced ISO 14001 certification for corporations, over time the corporations realigned their values with the government's sustainable development. For example, Chaebols recognize that cooperation with government around corporate sustainability goals provides them with a significant competitive advantage: expanding their business operations into domestic and global markets. Chaebols have become more interested in environmental issues for the sake of their survival in the global market. Their aim is to leverage sustainability for business growth while focusing on reducing the intensity of environmental impact. From the empirical findings, Chaebols, which are directly engaged in the process of resource depletion, energy use and hazardous emissions, have begun to commit themselves to improving their green competitiveness initiative under close government guidance. To respond to regulatory pressure as well as market pressures, mainly from international competitors and consumers, Chaebols began to place more focus on improvements in environmental performance, and have released CSR reports since 2010.

The underlying objective of this form of private environmental governance is more corporate growth through assessing the international market. Due to the close relationship in the past between government and corporations, and their accumulated experiences, there was little resistance from corporations, and they were more effective in terms of the outcome.

“We still believe that government regulation is most effective. But, government relations are the key issue, every five years. If companies don't listen to government and stick out too much, then the five-year period will be very difficult for companies to conduct business. This is the priority. Our outcome mainly relies on the relationship with government. (Corporation.2)”

“Corporations will follow the government regulation. I don’t think corporations will reject or be reluctant to follow the government regulation. Do good and do well. Let’s keep the minimum law. (Corporation.5)”

Therefore, ISO 14001 standards provide the platform to strengthen the existing relationship between government and Chaebols, through the exchange of information and evidence of a good faith effort by the company to engage in environmentally responsible business practices. They tend to meet more often unofficially, through networking events, seminars between the government and corporations to exchange information, creating a favorable environment for adopting ISO 14001 standards. In addition, the partnership between corporation and government has been strengthened. The corporations and government answered that they have become more friendly and cooperative, and meet often (Joo & Kim, 2001). Joo & Kim (2001) also point out that both government and corporations actively seek and exchange information on ISO 14001. In this context, industry generally views voluntary agreements as a viable alternative to traditional regulation, while government officials tend to perceive them as supplementary tools at best. The findings also suggest the complementary relationship between the two; in other words, private ISO 14001 certification and public regulation compensate for each other’s weaknesses. Specifically, on the one hand, private regulation and certification can compensate for public regulation by offering faster, more flexible and cost-efficient means of enforcement (Joo & Kim, 2001).

Second, there was a normative pressure for the corporation to adopt the ISO 14001 environmental management system (Kwon et al., 2002). Recent business surveys highlight

that new environmental legislation of PACEFIS accelerates the uptake of corporate environmental sustainability (Kwon et al., 2002). The primary motivations for adopting an environmental management system such as ISO 14001, as identified through a questionnaire, were, first, current national regulation, and second, the pressure of fair competition (Kwon et al., 2002). This shows that the introduction of the environmental management system of manufacturing companies in Korea is greatly affected by legal regulations, social atmosphere and consensus. Also, ISO 14000 provides a company with a systematic approach to implementing an Environmental Management System (EMS) that will qualify it for participation in the green company. Participation in the green program may result in leniency toward the company in some cases of violations of environmental law, and may exempt the company from certain routine enforcement inspections (Baek, 2015).

Third, as shown, Chaebols are turning environmental sustainability into a business value. This reinforces their control over NGOs and government, showing their governance power to act as chain leader: to define agendas, set rules, oversee implementation and penalize laggards for non-compliance. Through their commitments and demonstrated gains, Chaebols are also gaining legitimacy and influence with NGOs and government, and fundamentally altering power dynamics around who gets to make the rules in environmental governance. Chaebols are recognizing the importance of cooperative networks to achieve their goals, and are cooperating with a broad range of organizations to facilitate and increase the feasibility, effectiveness, legitimacy, and acceptance of their corporate sustainability and business growth efforts. For advocacy groups frustrated with decades of slow progress, the prospects of leveraging big brand sustainability are too large

to ignore. For Chaebols, these partnerships provide credibility by reinforcing their power and legitimacy to enforce global rules around what they define as sustainable products and production processes for business value gains.

*While the state and business are creating alliances*, rather than taking direct action to fight against corporate activities, NGOs usually play the role of an environmental monitor. Historically, environmental NGOs have resisted working with corporations and governments in environment governance (Kern, 2010). While preparing the committees for the UNCED conference - which were comprised of environmental experts, NGO representatives and public leaders, convened in many countries in order to accompany and advise the diplomatic process of the conference - moderate civic groups like the YMCA and Citizen's Coalition for Economic Justice assumed a leading role in the formation of the UNCED Korean committee, which consisted of about 100 well-known lawmakers, journalists, union and religious leaders, and civic activists (Kern, 2010). The Korean Committee worked closely with government officials and even accepted donations from Chaebols to cover delegates' travel expenses for the trip to Rio in Brazil, which created deep division among environmentalists in Korea (Kern, 2010). For example, some leading members of the influential Korean Anti-Pollution Movement Association (KAPMA) consequently resigned from their posts and criticized the participation of government and corporate representatives in the UNCED preparatory committee, as they considered the government and Chaebols responsible for the environmental problems. The member of the KAPMA explained that "this environmental disruption and pollution has been caused by rapid industrialization and urbanization and by misguided policies which have rashly advanced them . . . Governments, whose policies have given priority to growth, have



emphasized only economic development and have dealt with environmental issues expediently. Besides such political and economic causes, we, as individuals, also have come to play roles in destroying and polluting the environment through immoderate consumption.(KAPMA 2008) ( cited in Watson, 2012).” KAPMA members were very critical of the cooperative stance adopted by moderate organizations such as the YMCA, and CCEJ towards the South Korean political and economic establishment (Kern, 2010).

However, the environmental NGOs gradually transformed from radical activists in terms of their attitude towards cooperation with government and Chaebols by recognizing the potential benefits of private environmental governance. In 1993, shortly after the Rio conference, KAPMA merged with seven other environmental organizations and established the Korean Federation of Environmental Movements (KFEM). Today, the KFEM is regarded as one of the major civic organizations in South Korea with about 85,000 members. Instead of framing environmental problems as a result of class conflicts, KFEM attributed them to a conflict between society (individuals) and nature (Kern, 2010). Such changes have opened up some intriguing possibilities for the Chaebols and NGOs looking for ways to reach into the inclusive process of environmental governance. The leverage for NGOs to drive corporate environmental improvements, for instance, is much greater now as Chaebols have tied their brands so openly to far-reaching sustainability commitments. In this circumstance, the rise of Chaebols’ environmentalism presents opportunities for environmental NGOs to partner with companies to increase the speed and scale of their advocacy efforts to transform markets for sustainable growth. The chief impact of the private environmental regime was not limited to cultural pressures: the Rio conference initiated a major change in the political opportunity structure and paved the

way for successful diffusion in Korea (Kern, 2010). It also favored moderate NGO groups who willingly cooperated with the state and Chaebols. As a result, the new ideology garnered a central position within the environmental network. Consequently, the spread of environmentalism was not just a result of institutional isomorphism. It was based on collective struggles over meaning and power (Kern, 2010).

#### 4.4.3. Governance

By studying the case of ISO 14001, this section assesses the alleged shift from the traditional government, which is said to consist primarily of hierarchical, top-down “command-and-control” regulations, towards new modes of governance that rely more strongly on societal self-organization. Although Korea has been widely characterized as a highly regulatory state, the new modes of environmental private governance have supplanted traditional government tools in Korea. Although the developmental state’s dominance waned gradually due to democratization in the 1980s, as well as the neoliberal structural reform introduced in the aftermath of the 1997 financial crisis, the strong statist and top-down policy traditions persist, and economic growth remains a predominant imperative of the state in the private environmental governance regime. The drivers of ISO 14001 have not been static. Over the past two decades, they have evolved as certification systems have matured, and ISO 14001 certification market has developed dramatically. Although the government uses ISO 14000 as a tool to promote an evolutionary change away from command and control toward more cooperative environmental enforcement, the approach was top-down and less inclusive. Based on the data, ISO 1400’s implementation

process reveals several features of an authoritarian, top-down and non-participatory approach to in various institutions.

First, the most glaring limitation of ISO 14001 governance is the lack of inclusiveness. It was not adopted with the direct input and voices of environmentalists, workers, investors, and other members of society, who can all play an important part in the success or lack of success of ISO 14000. For example, a small circle of technocratic elites and experts from the government dominate the policy-making process of ISO 14001. The government agency and administrations only include the technocrats and economists not accepting civil society actors (Joo & Kim, 2001). As the environmental management and sustainability issue became more connected to Korea's domestic political priorities in the late 1990s and early 2000s, the MOTIE took a dominant role in outlining voluntary environmental policy, as a bureaucratic entity with broad responsibility for economic governance, and perhaps the single most influential entity on domestic economic policy. Several organizations such as business associations (the Korea Chamber of Commerce and Industry<sup>7</sup>) followed with efforts to vastly increase the political salience of voluntary environmental policy under the control of the MOTIE. The government assigned the KCCI to diffuse ISO by setting out its basic elements. Korea's Chamber of Commerce and Industry (KCCI) recently established a 'Civil Environmental Management Promotion Center,' which aims to promote industrial environmental management, and publicized the

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<sup>7</sup> On economic policy issues, the KCCI is Korea's representative business advocate to the government and National Assembly and acts as a channel of communication between companies and the two public parts. Also, the KCCI offers business management services including economic outlook & business information publications, business counseling & consulting services and practical & vocational training courses to CEOs, executives and staff ("The Chairman Message," n.d.)

Industrial Charter for environmental management and Action Principles. Although they are non-profit organization acting as an interest group, they have close ties with the state, giving them a certain legitimacy. As a legitimate actor, they have played a significant role in diffusing the private environmental governance by shaping the Chaebols' perception of ISO 14001 standards by transmitting both knowledges about ISO 14001 and norms regarding how Chaebols might respond to the government and relevant ministries. These business associations became the leading advocates for private environmental policies.

Therefore, a voluntary, non-regulatory scheme such as ISO lacks such democratic input in the adopting process. For example, the Korean Standards Association, the body that contributed the most to ISO on behalf of the Korean government, is a business-dominated organization. Thus, ISO has no mechanism for incorporating public or NGO participation into its activities. The survey arose from criticism of Korea's lack of participation by industry experts in the private sector in international standard activities, compared to standard developed countries (Byon, 2016). Byon (2016) claim that the ISO activities are still led by the government. Last year, among the 168 chairmen, secretaries, and conveners in Korea who are working at the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), only 14 people (8.3%) were from the industry. Standards related experts analyzed that Korean company does not involve in the international standardization activities which are lagging behind the world trend (Byon, 2016). Similarly, as the environmental management assistance policy is made broadly by the central government, it lacks the effectiveness of local government response, which would be best tailored for business in the region (Kang, 2015). The author claims that as the central government mainly takes a role in corporate

environmental management assistance policies, local government does not have the authority and financial budget to be involved in a policy of corporate environmental management assistance (Kang, 2015). The system could be more decentralized by including the research University, local government and local stakeholders who generally understand local possibilities and constraints better than state regulators. Local government can play a more active role in the expansion of voluntary environmental management programs. As implementation of environmental management occurs at the local level, the central government is limited in monitoring and enforcing implementation (Kang, 2015). Thus, local authorities possess significant de facto power to veto centrally determined policies.

Similar to the government's top-down approach, companies start with a major shift in corporate thinking and mindset, starting from the boardroom down to the shop floor. With environmental performance so tightly tied with profitability, companies are challenged to meet the financial and human resources requirements to undertake meaningful environmental management systems. Such changes require an initial investment of time, money and personnel in short supply in globally competitive businesses. Large corporations with high levels of energy consumption and high dependency on overseas markets play the main role in environmental management. Samsung Electronics and LG's environmental friendly management is a good example. Samsung electronics implemented the total environment system and supply chain management system communication, which includes ISO 14001 certification (Lindgreen et al., 2009). The companies are required to publish the CSR or environmental reports to comply with foreign investors' expectations, and the environment became an issue of long-term sustainability

management as a trend in the local context. For example, the Chaebol, Lotte, whose major businesses are food products and shopping, in its 2005 CSR report, declared the environmental management principle as a business strategy, and set up three environment management teams (Lee et al., 1999). In 2008, they created an environmental of one billions Won and a children's environmental education system, and its companies voluntarily become members of green purchasing agreements (Lee et al., 1999). These cases illustrate that some corporations are actively involved in the environmental management system beyond the ISO 14001. For example, Doosan Group, which has traditionally had a negative environmental image due to the phenol leakage accident in the Nakdong River in 1991, has since emerged as one of the most environmentally friendly companies in Korea. The company adopted the Integrated Environmental Control System, a preventive diagnostic program aiming to continuously improve the environmental performance of their operating sites. Similarly, Samsung, Hyundai, and LG are all keen to become environmentally friendly enterprises, to respond to potential trade barriers. POSCO, the largest steel manufacturer in the world, acquired the certificate to maintain its world-class environmental standards (Maggi & Yoon, 2000). Chaebols such as POSCO established environmental teams not only to meet ISO 14001 standards but also to systematically manage environmental issues (Maggi & Yoon, 2000). To reinforce the credibility of their efforts, chaebols are consulting and working cooperatively with auditing companies. Many chaebols are also hiring third-party, independent, professional auditors and certification agencies to evaluate the accuracy of their ISO 14001 reports and their practices. Chaebols are achieving some measurable, incremental advances in environmental sustainability, although these gains do not mean that these companies have

become sustainable. Nonetheless, companies are improving energy efficiency, increasing renewable energy, and so forth.

The voluntary the ISO standards are mainly adopted by large companies, due to their expertise and financial resources, which limited the nationwide spread of ISO 1400. The government exercises considerable influence by encouraging and supporting such private forms of governance. ISO 14001 standards have proven to be a successful tool in persuading Chaebols as ISO gain in strength and legitimacy because they are adopted by the government and International organization. As in the case of ISO 14001, the impetus for Chaebols to enter into the value regime is related to external market forces. The example of SMEs in Korea provides more clear evidence of this, as more SMEs that are export-oriented adopt ISO than SMEs that are not, as they need to be concerned about access to export markets to please foreign consumers and suppliers.

*NGO's governance mechanism:* As this case study illustrates, non-state actors in Korea increasingly provide informal checks and balances against the state's top-down environmental policy-making and call for a greater level of deliberation among diverse stakeholders to produce optimal environmental outcomes. Korea's successful transition to sustainable development would require not only political leadership and determination at the elite policy level but also the greater incorporation of societal participation that can compel the state to transform itself and its interests. As government-sponsored environmental planning, ISO is partially embraced by NGOs but fails to incorporate policy input from local governments, NGOs, the media, and the public. The central government neither addressed the actors' concerns nor considered them impediments.

With increasing opportunities for environmental NGOs to monitor and disclose corporate activities via the mass media, corporate environmental information disclosures have become more transparent. Relying on the power of mass media, NGOs play an increasing role in facilitating collective action and balancing power between government and business in environmental governance. For example, in June 2005, the CSR Committee of the KFEM evaluated the degree of corporate social responsibility (CSR) implementation and sustainability management for the top 30 companies in Korea and disclosed the results. Based on the facts of the companies identified in the process, the Federation for Environmental Movement selected CSR core tasks in 2006 (People's Solidarity for Participatory Democracy, 2007). They have developed different legitimate strategies to deal with environmental management caused by chaebols.

Furthermore, KFEM criticizes the lack of the credibility of the ISO 14001 auditing companies; it is only a matter of how to get a certificate chapter (Hwang, 2008). Although the certificate issuance process has been confirmed to be almost fraudulent, it has not been disclosed to consumers or environmental groups. As a solution for this problem, a high ethical consciousness of the auditors and monitoring system of civil society is needed (Hwang, 2008).

#### 4.5. Conclusion

This section investigated the different positions of governments, firms (Chaebols) and NGOs as well as the changing triangular relationship of the three pillar actors in the development of South Korea's private environmental governance through a value regime



framework that distinguishes three stages in the contested process: economic, normative, and governance (see Chapter 2, Section 2.4.4.). As introduced in the previous section, the historical pattern of Korean environmental policy and the decision-making process underlying political ideology and adaptation are important for understanding the role of government in facilitating and diffusing ISO 14001. I used value regime analysis to discuss the pattern of private environmental governance adaptation since 1995. As was mentioned above, the governance literature from the idealistic approach would expect the replacement of the top-down process, such that voluntary instruments take on a more important role in the environmental sector. In other words, the use of private governance theoretically provides an empirical example of the supposed shift from government towards governance by replacing traditional regulation. In practice, however, environmental voluntary governance resembles a form of developmental state that fit well with Korea's wider economic growth goals, which have long been a central guiding principle for action by the Korean government. Under this circumstance, the private governance has provided the platform for both the adoption of traditional command-and-control regulation (which reflects state intervention) and voluntary agreements (which emphasize self-regulation). The Korean government's regulation provides private regimes with the necessary authority to secure compliance; that is, if firms fail to comply with private regulation/certification, they will have to face the public watchdog and receive more severe sanctions and penalties from the government and NGOs. With international pressure, the Korea government has announced its intention to adopt regulation as threat inducements targeted towards Chaebols, which subsequently offered voluntary agreements to pre-empt legislation. Therefore, it appears that there exists a symbiotic relationship between private and

government regulations, rather than a zero-sum relationship. Private environmental governance value exhibits a high degree of economic interest in this context. Environmental support was also closely interrelated with the traditional and conservative political values of the developmental state.

The normative dimension of the value regime explains differences in approach to ISO 14001's design and evolution through a Gramscian accommodation between business, state and civil society, in which environmental movement pressures are adjusted with modest changes to the economic systems which is not empty rhetoric, or greenwash (Levy, 1997). It also suits Korea's moderately active policy style, which usually relies heavily on economic growth. In mobilizing the national regulation and practices of market-based ISO 14001, leading business sectors and government can sustain their hegemonic position, construct alliances with key environmental groups in civil society and auditing companies, and marginalize radical environmentalists calling for deeper structural and cultural transformation in the social and economic order (Levy, 1997). Moreover, this finding suggests that the institutional context is favorable to the diffusion of ISO 14001 – in particular, the Korean government's active involvement in the diffusion of ISO 14001 – is not likely to lead to the improvement in environmental quality (Baek, 2014). The results confirm institutionalists' expectations that ISO 14001 has been adopted as a symbol to show off organizational commitment to societal requests for environmental responsibility, but not as an instrument to become greener (Bansal & Hunter, 2003; King et al., 2005; Toffel, Short, & Ouellet, 2015). With regard to the governance perspective, the diffusion process was hierarchical, showing how national government plays a crucial role in determine the structures that Chaebols and NGOs face. In this case government executed

more targeted interventions to empower Chaebols and NGOs to tackle environmental management through ISO 14001. The government uses its convening power to activate chaebols and NGOs on environmental issues and link them to an international network through specific policies that fund or empower them to take environmental management actions.

This study of Korea's unique institutional diversity extends the Western-centric neo-Gramscian environmental governance research, provides a more plural and dynamic understanding of the ideological, political and social dimensions of Korea's private environmental governance, and clarifies the institutional variations of the state in Korea's contemporary alliance building as well as the changing hegemonic struggles and contestations among state, business and NGOs in the development of environmental governance. It seems that the traditionally strong Korean state moved toward being less controlling of regulatory policy by adopting the market based ISO 14001. However, the government maintained its hegemony by gradually repositioning itself as partners rather than adversaries with businesses and NGOs. ISO 14001 in the context of South Korea's approach not only stresses that government is accomplished through different levels of public authority, but also points to the multiple actor character of politics, thus involving a variety of private actors at the domestic level. In Korea, the state has still achieved its hegemony over business and civil society through an authoritarian regime, and the hegemony in environmental governance retain a big-government approach. Most citizens seem to have accepted or at least accustomed themselves to such an authoritarian governance regime, resting on an unspoken bargain between the state and civil society. In a resource-poor industrializing country, ISO 14001 can be characterized in diverse ways:

as a means for political activists to achieve democracy, or, from the government's perspective, as a tool for political purposes. This may imply that private environmental governance in resource-poor industrializing countries is complex and contested, which is considerably different from the versions found in Western developed countries and naturally abundant developing countries.

## CHAPTER 5: ISO 26000

### 5.1. Introduction

ISO 26000 covers all three sustainability dimensions (i.e., economic, environmental, and social) and each subject is broken down into several issues. However, the dissertation is confined to one of these major subjects, i.e., labor practices, that in turn embraces five major issues: employment and employment relations, conditions of work and social protection, social dialogue and health and safety at the work place. This chapter offers a comprehensive analysis of the labor perspective in ISO 26000 in the Korean context to understand implementation process of private labor governance. As the condition of the vast majority of the world's labor market today differs from country to country, a discussion focusing on the implementation of ISO 26000 needs to recognize the local nature of the labor market. As Locke et al. (2013) also states, the labor issues can vary greatly depending on the local and national context. Likewise, to explore the emergence of private labor governance in the South Korean context, it is necessary to investigate the micro-level processes through which specific issues are addressed on the ground. Therefore, global private labor standards should be contextualized at the local level.

In this respect, South Korea represents an interesting case where a country has strong labor laws, and the labor union movement remains strong both industrially and

politically. As mentioned above, Korea in the 1960s suffered from absolute poverty due to the Korean War. With a cheap labor force, the military government initiated industrialization with labor-intensive, export-oriented industries during the 1980s. Under the shadow of rapid economic growth, it required long working hours and low salary of labors. Like developing countries, focusing on labor-intensive industries, such as the garment and footwear industries (Blowfield, 2004; Elin Eriksson, 2011), the labor issues in South Korea were poor working conditions, low wages and child labor. Owing to the economic miracle, South Korea become OECD members, and poor working conditions and child labor issues became less relevant for Korean companies that operate in Korea with strictly enforced laws on these issues (Lee, 2007).

Despite rapid economic improvements, currently, Korean society is dealing with various employment issues, from irregular employment to youth employment and gender discrimination. The persistence of vulnerable and irregular employment and gender inequality in South Korea poses a great challenge to the national economic and social security after Asia's financial crisis in 1997. Due to bankruptcy and massive labor restructuring, corporations began to replace regular workers with irregular workers. This caused an immediate impact on the labor market. The situation for labor is further complicated by the increased flexibility of the labor market, that has led to shifting from a company-based workforce dominated by permanent full-time employment to one dominated by contract workers and outsourcing with increased flexibility. The flexibility of the labor market has been supported by changes in the Korea labor laws and by the rapid growth of illegal outsourcing and contract-employment practices by unscrupulous employers. The consequence, according to a Korean labor union representative, has been

an undermining of the collective strength of labor, making both permanent and contract workers more obedient and less likely to engage in labor union activities (Lee, Lee, & Kang, 2006). In order to successfully face this challenge, it is necessary to focus on how ISO 26000 standards as a private labor standard improve the conditions of irregular workers in South Korea. Due to the weak position of labor unions and the limited support for labor from the state, ISO 26000 standard in the form of corporate social responsibility (CSR) should have relevance for improving labor rights.

Previous studies have shown that codes of conduct in the forms of private labor standard have also received extensive attention in the textile, apparel, footwear and electronics sectors (Bartley, 2010; Berliner, Greenleaf, Lake, & Noveck, 2015; Locke & Romis, 2010), as anti-sweatshop activists have also urged developing countries toward involvement in global production networks. Private labor standards are likely to have some impact on issues such as health and safety, working times and wages, and child labor (Barrientos and Smith, 2007), but scholars rarely study the improvement process of labor rights such as trade union rights and discrimination (Bartley & Egels-Zandén, 2015). For example, gender discrimination and the high rate of temporary workers are major social issues that are rarely discussed in the literature on global private labor standards. In this context, however, although the protection of non-regular workers is the core content of corporate social responsibility, the issue of non-regular workers is not reflected in the global private labor standards (Elias, 2008; Juanita Elias & Stevenson, 2009). Nevertheless, this problem has not been systematically analyzed due to the lack of attention from academia.

Based on the specific political, economic and historical trajectories, this chapter identifies private labor regime with a particular focus on the activism of civil society and labor unions as well as the government and Chaebol's response to the adoption of ISO 26000. Firstly, to investigate the changing labor struggles in the Chaebol, it is necessary to identify the uniqueness of Korea's history labor regime, which will be illustrated in the following section. While ISO 14001 is spreading widely in Korea, there appears to have been no uniform adoption of ISO 26000. The second section details the significant constraints that have prevented the wider adoption of voluntary labor agreements; adoption has come to a halt in Korea and never really took off on the national level. Based on the illustrations of the discourses of the Korea economic transition from a developmental state to a market economy, the third section, following the three dimensions of the value regime concept, focuses on the changing discourses of private labor governance of Korea based on a case study of ISO 26000.

## 5.2. Case Context and Background

### 5.2.1. Before the IMF financial crisis in 1997

The three decades following the Korean War were marked by remarkable growth and prosperity. Lacking natural resources, the nation's only resource was an abundant cheap labor force. South Korea has become the world's factory for many labor-intensive industries over the past several decades due to its unbeatable comparative advantage. Adopting an economic growth model, human resources in South Korea were fully geared towards maximizing output. There were no clear labor regulations or particular clauses



concerning labor rights within the highly authoritarian regime. The government encouraged export oriented apparel production in the 1980s and employment surged as many factories became full package suppliers to brands and retailers in Europe and the USA, which also made Korea an early focus for global labor rights advocacy. During this economic boom, economic compensation generally increased for most people, leading to economic growth in equality. Therefore, job security and opportunities for workers were generally improving. In the Korean context, the chaebol under the traditional Korean management regime utilized lifetime employment or implicit long-term employment guarantees and the reward system which fosters lifetime employment (e.g., seniority wage systems in which wages are detached from specific positions and seniority plays a significant role in wage determination) (Kitt, 2002). Employees enjoyed job security under the practice of “lifetime employment” (Kim & Park, 2006).

By the mid-1980s, underground labor organization was gaining steam. After the fall of the authoritarian Park regime in 1998 and under international scrutiny, the Korean government quickly ratified the International Labour Organization (ILO) convention of freedom of association and adopted a new trade union act that allowed for independent unions. Unions have influenced provincial-level minimum wage negotiations, and they somewhat miraculously managed to limit, though not halt, the flexibility of labor markets (Chun, 2013). South Korea has also ratified many ILO conventions, including seven of the eight so-called fundamental conventions. However, South Korean workers’ demands were severely oppressed by the authoritarian state in the 1980s and early 1990s. Still, despite some consolidation, the labor movement is organizationally fragmented and politically weak; legacy unions have remained common, and independent union organizers have often

faced retaliation (Gray, 2008). Labor activism in Korea grew in the early 1980s. Korean unions became more integrated into a web of connections with international unions and NGOs. From 1987 to 1989, the labor movement was able to quantitatively and qualitatively change labor management. During this period, the labor movement was accompanied by the civil democratization movement (Gray, 2008). At that time, the labor union represented marginalized labor, and organized strikes to increase labor salaries. During this period of economic growth, there were workers who endured long hours of work and low wages, and their efforts to improve poor wages and working conditions led to social consensus (Gray, 2008). Therefore, the labor movement at this time was to increase the wage through struggles to represent socially weaker workers (Lee, 2010).

#### 5.2.2. After the Asian financial crisis in 1997

As demanded by conditions of the IMF,<sup>8</sup> the Korean government introduced comprehensive neoliberal reforms including labor, financial and public sector and corporate governance. Despite the IMF's advice of reducing the government role in the reform of the financial

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<sup>8</sup> The conditionality imposed on South Korea in exchange for the rescue package can be summarized as:

(a) fiscal and monetary tightening, including a tax increase, a budget cut, and an increase of the interest rate;

(b) institutional reforms, including establishing an independent central bank, closing "bad" private financial institutions, and accelerating the approval of foreign entry into the domestic financial sector;

(c) trade and financial liberalization, and imposition of GAPP; (d) review of corporate governance and structure; and (e) labor market reform (Lee, 2003).

crisis, the government of South Korea actively participated in intervention of restructuring the national reform (Lee, 2003). As a result, the Korean government should have determined the terms of macroeconomic reforms that required social, cultural, legislative changes (Lee, 2003). However, Lee (2003) criticize that the conditionality of IMF in Asia went far beyond its stated purpose in the Articles of Agreement of the IMF and the IMF should limit their role in response to a crisis economy. Under this circumstance, one of the immediate consequences for neoliberal labor reforms were massive layoffs due to the bankruptcy of corporations and introduction of irregular workers, such as temporary workers, subcontract workers, and dispatched workers. In order to reduce full-time employment under the existing labor rights and welfare entitlements, employers began to hire irregular workers since 1997. The drastic increase of irregular workers has been a significant change in the labor market in South Korea. For example, the absolute number of irregular workers has also increased from 3.8 million in 2002 to about 6 million in 2011 (Shin, 2012). This had a particularly negative impact on women in labor. Due to the IMF's labor reconstruction, elderly and female workers were the first targets for firing. With the patriarchic culture, female workers were vulnerable and easier to fire, whereas male workers were strongly supported by employers. Consequently, fired female workers had to move to irregular positions (Shin & Kong, 2014).

The layoff or voluntary termination from employment became part of the corporate restructuring strategy, reflecting a way of increasing short-term projects, reducing labor costs by undermining workers collective power (Lee, 2007; Lee et al., 2006; Shin, 2012; Shin & Kong, 2014). By hiring workers under various types of indirect employment contracts, including part-time contracts, limited-term contracts, dispatch agency

employment, in-house subcontracting, self-employed independent contracts, home-based work and day labor, chaebols reap enormous cost benefits (Shin, 2012). The corporations' attempt to achieve flexibility in employment practice led to growth in irregular work and transformed the nature of the employment relationship (Shin, 2012). The larger the firm size, the higher the proportion of irregular workers. For example, the ratio of irregular workers is 29.7% for those with less than 500 employees, and 41.7% for those with more than 10,000 employees (Yoon & Kim, 2015). If we categorize by the chaebol groups, Samsung ranks the highest in hiring irregular employees (140,000), following by the Hyundai motor (80,000). In terms of the ratio, the Hyundai heavy industry ranked the highest at 66.7%, followed by the GS (56.1%), and POSCO (50.2%) (Yoon & Kim, 2015).

Although irregular worker employment existed before the IMF crisis, the growth of precarious work since 1997s has emerged as a core social problem which differs in several fundamental ways from what was characterized as irregular before the IMF crisis. Various types of irregular employment emerged in South Korea, and became a core political debate since the 2000s. First, irregular workers are intimately related to perceived job insecurity (Shin & Kong, 2014). Although the perception of job insecurity might differ by different individuals, people in Korean society increasingly worried about losing their jobs, because the consequence of job loss became more severe in recent years compared to pre-IMF crisis, with slow economic growth and a high unemployment rate. An irregular position is used to differentiate jobs in the full-time position, as opposed to the secondary labor market segment, which caused feelings of inferiority and class ranking among the workers (Shin, 2012). In this circumstance, the neoliberal restructuring has brought about new forms of class struggles among labor (Gray, 2008).

Second, the rise of irregular workers is a source of income inequality. Like daily workers, part-time workers are an extremely flexible labor force, and are typically associated with the lowest wage and welfare costs (Shin, 2012). Increasing wage inequality became a social and political issue as the wage gap between precarious workers and regular, or standard, workers has widened from 33.9% in 2002 to 44.6% in 2011 (Shin, 2012). For example, in the analysis of the Incheon International airport's CSR report in 2012, irregular workers accounted for 87.1% (Yoon, 2013). The monthly average wage is 5,280,000 won, while the salary of irregular workers is as low as 2,460,000 won. Employers were also able to save on welfare costs because part-time workers were reluctant to join (Shin & Kong, 2014). The production of a Hyundai car illustrates a case in point. Hyundai Automobiles is one of the most successful global corporations in Korea and its 2013 production recorded USD 75 billion with a net profit of USD 7.6 billion (Yoon, 2013). This is about a 40% increase from 2007 in its production capacity. Yet, during these years, the company employed only 2000 additional regular workers while filling the remaining labor shortage of 8000 with irregular workers. On the assembly line, a full-time worker puts in the right-hand side wheel while an irregular worker puts in the left-hand side wheel. They perform the same labor but the gap in their wages, benefits, and job security is startling. They are co-workers laboring at the same shop floor in Ulsan but they are not the same working class due to their hugely differing socioeconomic conditions. And these irregular workers are emerging as a new force of resistance against the rising polarization in Korean society (Lee, 2015).

Unions primarily organized regular workers in large companies and played a leading role in the labor struggles of the late 1980s. However, the perception of labor

unions has changed after the financial crisis of 1997 (Lee, 2010). The perception of labor unions as representing the marginalized labor has been weakened. Initially, unions and civil society organizations began to criticize neoliberal reforms since they generated massive numbers of precarious workers with low pay and low protection. (Shin, 2012). After the passage of the Non-regular Employment Law in November 2006, however, regular workers' unions were less interested in the issues of irregular workers simply because irregular workers are not union members, which deepened the division and weakening solidarity between organized regular workers and unorganized irregular workers (Kim & Park, 2006). The labor law stipulated that only full-time regular workers could be members of unions in companies where they work. Thus, addressing issues of irregular workers was not in their interest once the Non-Regular Employment Law passed in the National Assembly (Kim & Park, 2006). Also, regular workers' unions in Chaebols, mostly in the export sector, enjoyed high wages because of their continuously increasing volume of exports. Enterprise unions could share high profits with those Chaebols. Because the labor law imposed the rule that irregular workers cannot be members of unions in their workplace, the gap between organized regular workers and irregular workers has widened more than ever before (Lee, 2015).

The Korean Confederation of Trade Union (KCTU)<sup>9</sup>, a national trade union officially established in 1995, supports irregular workers' struggle for changing

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<sup>9</sup> The Korean Confederation of Trade Unions (KCTU), also known as Minju-nochong (Korean: 민주노총; acronym for *KCTU* in Korean language) is a national trade union centre officially established in 1995. Its predecessor was the National Council of Trade Unions (NCTU), established in 1990 as an independent alternative to the Federation of Korean Trade Unions. With 682,418 members in 2007, the KCTU accounted for 40.6% of trade union members in South Korea.<sup>[1]</sup> The KCTU has more than 1,200 affiliated

employment relations and improving their working conditions at the confederation level, through a militant and hostile approach to neoliberal labor reform. At KCTU's request, the government established the social corporatist Tripartite Commission to improve coverage of social welfare programs that would help to compensate for the increasingly flexibilized labor markets (Gray, 2008). Despite the KCTU's continued efforts in welfare reform through a number of policymaking forums outside of the Tripartite Commission, in practice, it failed to compensate for commodifying labor market reforms under neo liberal welfare policies under the Kim Young Sam government (1993-1997)(Gray, 2008). Irregular workers resort to expressing their discontent and demands on their own, which led irregular workers to find support for their struggle outside the workplace, primarily in social movement organizations. In sum, while irregular workers contribute to the health of the economy at large, they are themselves unprotected and unsecured (Kim & Park, 2006). Irregular workers are generally not covered by labor law, although they contribute to the capitalist economy by providing cheap labor to sustain profitable economic activity in Korea.

### 5.3. Inception

Each country involved in the development of ISO 26000 was asked to establish a national mirror committee to involve national stakeholders and to coordinate their national input into the international process (Balzarova & Castka, 2012). Balzarova & Castka (2012)

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enterprise-level trade unions.<sup>[2]</sup> It is the second largest trade union national center in South Korea, following the Federation of Korean Trade Unions (FKTU) ("Korean Confederatin of Trade Union," n.d.).

indicate that the nominated experts play an important role to diffuse ISO 26000 on the national level through disseminating information from the Social Responsibility (SR) Working group. In this context, the technical standards agency of the ministry of knowledge and economy launched the ‘SR Standardization Forum as a national mirror committee, composed of representatives from industry, the public sector, civic organization and academic(Jeong, 2012; J. Lee, 2007). It aims to respond to the establishment of ISO 26000 and to spread SR standardization in Korea.

The SR Standardization Forum in Korea organizes a general meeting every year and has four subcommittees addressing standardization, business ethics, environment, labor, and small medium enterprises (Jeong, 2012). Among the members of this forum are six members of ISO experts, two of whom are ISO/TNB SR working group advisors. Since 2006, the SR Standardization Forum has been actively strengthening its activities and building consensus among Korean stakeholders and Korean guidelines.

#### 5.4. Value Regime of Private Labor Governance.

Based on the illustration of the historical transition from lifetime employment to an irregular employment system under neo liberal reform, this section focuses on the changes in the discourse of positions of government, Chaebols, NGOs, and labor unions as well as their hegemonic struggles in the private labor governance. By following the three-dimensional analysis of value regime, the first section analyzes and appraises the economic incentives for stakeholders based on the transcripts of interviews and documents with government, CSR managers, NGOs and labor unions. Following this analysis, the second



section discusses ISO 26000 labor issue in pursuit of sustainable development and economic growth under the influence of neoliberal restructuring after 1997. Furthermore, the normative perspectives of value regime discuss the political discourses to examine the changing hegemonic struggle among government, Chaebols, NGOs and labor unions based on a series of contested labor issues (e.g., irregular labor) over the neoliberal labor regime. The governance analysis is conducted in section 3 to show how ISO 26000 fails to draw attention at the national level. This chapter will present the empirical findings from the interviews conducted during the field study in South Korea from 2014-2016. Since this research examines the presentation of local actor's voices, I allowed the empirical findings expressing these voices to be a major part of the study. Taken together, the findings provide a snapshot of the understanding, motivation, processes, and discourse of private labor governance in the context of South Korea.

#### 5.4.1 Economic value:

This section explores the different economic incentives of multiple stakeholders to pursue ISO 26000 from the labor perspective. During the interview fieldwork, interviewees emphasized the lack of relevance to the local context which led to inefficient private labor governance in Korea. Overall, the stakeholders as a group still have a rather vague understanding of ISO 26000 from the labor perspective, which has not generally been accepted and recognized by members of the society. In contrast to the high degree of knowledge about ISO 14001, according to participants in this study, there is overall low recognition of labor issues as part of CSR practices and ISO 26000 among stakeholders.

This opinion is reflected in the literature on CSR and labor in the Korean context, as most of the authors agree that some of ISO 26000 are not relevant to the local context, which is problematic for focusing in on the local context (Lee et al., 2006; Lee, 2010). For example, at the global level, child labor or working conditions at factories are the emerging issues (Bartley, 2010; Yu, 2009), which do not really apply to contemporary labor issues in the Korean context. CSR managers who produce the CSR reports made statement:

“The labor market can be a contextual issue. In developed countries, child labor is not an issue. But in developing countries, child labor is utilized for efficiency and national competitiveness. Culture and business is highly complicated and related to profit and efficiency, which leads to the labor issue. (Corporation.1)”

“The context is different. For example, child labor is not an issue. But labor union is a problem. There is law but not practice. South Korea is the worst country to respect ILO. There are so many labor issues in developing countries. (Corporation 2)”

Consequently, Lee (2010) states that it is necessary to develop private labor standards that refer to Korean cultural problems, such as irregular employment and unfair business practices. Second, since the contents of global labor standards are too abstract and broad, it is hard to apply in the Korean context. Therefore, instead of merely adopting the global labor standards, there is a need to develop the labor indicators that accommodate the distinctive Korean labor culture and labor issues, such as business and government collusion, unfair supply chain practices, and high irregular employment system (People’s Solidarity for Participatory Democracy, 2007).

“Local significant CSR issues have been hidden by the global CSR issues. (NGO 4.2)”

Although there is, overall, low knowledge and recognition of ISO 26000 among stakeholders, there is a significant disparity in knowledge of CSR labor between NGOs /Academics /Labor Union Labor and Corporation /government bodies on the perception of ISO 26000 from the labor perspective. Thus, there is no convergence of opinions on ISO 26000 from the labor perspective, and it appears that they respond individually to ISO 26000's proliferation. While NGOs and labor unions are acutely aware of the current local labor issues related to ISO 26000 as a part of CSR, whereas, corporations think that CSR can be limited to giving donations to various social welfare NGOs. Although the most important areas of ISO 26000 are environment and labor, environmental concerns are of much greater concern to the government and corporations, as companies explicitly promote their performance in the environmental field, but they tend to be reluctant to report their performance in the labor field. There is also a serious lack of concern over labor and human rights in CSR reporting (Lee, 2007). Some companies selectively apply labor standards. Some of the standards are inadequate or difficult to apply in the Korean context. Interviewees testified that these two factors are the most difficult to apply in their organizations. The KSA and CSR manager's interviewees expressed difficulty in responding to human rights and labor issues, especially in asking such questions of their subcontracted enterprises. As a result, the seven issues detailed within ISO 26000 have, in practice, be applied only partially or selectively under individual organizational conditions.

When I ask questions on labor issues in regard to global private standards, most of the NGOs scholars and academic scholars interviewed were well aware of the global private labor standards such as UN Global Compact, ISO 26000, and GRI. For example,

labor NGO activities clearly point out several labor issues such as weakening labor union power and irregular jobs, which is seen as part of CSR.

“First, labor unionization of the office worker in the manufacturing sector is below the rate of 1 %. The rate of labor union participation is very low. Why is it so low? Because the corporations block the laborers from joining the labor union. Plus, the discrimination between irregular and regular workers is a serious labor and social problem. There is no fair contract between irregular and regular workers, and there is no fair evaluation system in place. (NGO 3)”

“Labor at XX Motor’s salary is fairly high almost same as a professor. But the irregular labor at Hyundai Motor is paid half of that salary. But the irregular employment can’t ask for a raise in their salary. This labor issue is very critical. (Academic 3)”

“The increasing number of irregular workers weaken the labor union. There is no change in the labor market. Thus, this is the panic in labor issue. (NGO 4)”

In contrast to NGOs and academic scholars with high knowledge of labor related to CSR, it is notable from the interview data that most of the CSR managers point out that the purpose of CSR is still seen as a donation to cover the CEOs’ corruption or increase the PR purposes. They barely recognize labor as part of ISO 26000 or CSR. When the labor issue enters the business discourse, corporations often perceive labor rights as outside their sphere of responsibility.

“CSR donation is big and highly recognized by owners but CSR is weak in the labor dimension. Donations are more understood as PR rather than CSR. (Company 5.)”

“We had the donation team but didn’t have CSR teams in the past. Right now, the CSR is equated with donation in South Korea. (Company 3)”

Korean Standards Association closely work with CSR managers to provide consulting on CSR reporting as mentioned below:

“In fact, we require the information to companies, when we interview them. They think there are not many labor issues. (Gov.2)”

In sum, the research indicates that the failure of ISO 26000 from the labor issue is rooted in a lack of awareness of benefits among stakeholders, and a lack of convergence. NGOs and labor unions recognize relatively well the current labor problem in regards to CSR. Given that the labor issue has always been a marginalized social issue in South Korea, it is not surprising that corporations and government have not been able to link the labor issue with CSR and sustainable development.

*Government and Chaebols perspective:* Historically, Korea’s rapid economic growth under developmental authoritarianism was achieved at the expense of. Since the government approaches from the viewpoint of sustainable development that mainly focuses on the Chaebols’ maximizing output, which relies heavily on the export industry, there is a lack of systematic response and recognition of the comprehensive problem of labor issues from ISO 26000. Under this circumstance, the government did not recognize the benefit of adopting ISO 26000, particularly from the labor perspective. Participants criticize the passive role of government in regulating the labor issues.

“The Korean government didn’t sign certain ILO core articles due to conflicting issues and resistance from chaebols. (Corporation 5)”

“Ministry of labor has no power. They avoid the hardcore issues such as ILO. (NGO 4)”

Interviewed by 2008 by the Federation of Korean trade union (cited in Lee et al., 2006).

“Compared to other OECD countries, our government and corporations’ participation at the global level is very low and passive, because they don’t recognize the importance of these global private regulations. Unlike ISO 9001, 14001, which has a direct effect on the business profits, our companies and government won’t pay attention to ISO 26000 which has ambiguous goals.”

Nevertheless, Korea’s government show particular interest to engage with the UN Global Compact (UNGC), one of the largest global CSR movements. The participants of NGOs criticize the government’s symbolic approach to the global private governance. For example, the Secretary General, Ban Ki Moon, played an important role in raising the number of members of UNGC’s South Korean chapter.

“UNGC is more about showing off. The number of participants of UNGC’s Korean chapters rapidly increased every time Ban Ki Moon attend the UN Global Compact conference in South Korea. (NGO 1)”

NGOs consider the UN Global Compact Korean Chapter as an extension of the government agency, as the UNGC Korean chapter is established and managed by the ministry of foreign affairs. The NGOs criticized the government’s involvement as superficial without substantive efforts on labor issues. The government responds to international norms without substantial impact on local labor issues. For example, UN Global Compact Korean chapter is not actively involved as a mediator of local labor problems despite their potential capacity and legitimacy.

“UNGC is not activating the human right working group at this moment. Companies’ members are OK with anti-corruption and other environment but are reluctant to commit to labor and human right issues. UNGC is managed by the foreign ministry, so they don’t care about labor issues. (NGO 4)”

*Similar to the government's passive adoption of ISO 26000 in response to the international CSR movement, chaebols are mainly adopting the private labor standards to respond to international pressures and buyers.* Based on the interview data, the main incentives for adopting ISO 26000 are from the international NGOs, and investor pressure rather than domestic stakeholders as a major portion of their sales come from the international market. Chaebols care highly about their brand reputation in the global market. Some CSR managers referred to coping with foreign clients' high demands as a major reason for adopting the global CSR standards.

“We do adopt all the global CSR standards, since we are dealing with lots of different countries as suppliers or buyers from US, EU, and Asia. Thus, each country requires different types of CSR standards. Thus, in our strategy to respond to different demands, we adopt all of them such as ISO 26000, UN Global Compact and GRI. (Corporation.1)”

“International market and international client companies monitor us on labor unions and practice. (Corporation 5)”

In contrast to the Western context where the expectations and pressure arise from local NGOs, consumers and peer companies, local stakeholders hardly provide an incentive mechanism for chaebols and government.

“Korean companies don't care about local media or stock value. Very insensitive, because their profit still remains. (NGO 1)”

Secondly, the peer imitation and peer pressure mechanism are seen as an important source of legitimacy to adopt the CSR in the Western context. Given that the benefits of

adopting the CSR are highly uncertain in complex social issues, and the difficulty of social outcome measurement, participants reveal that companies do not want to stand out in the CSR field and have the passive attitude. As the CSR is still a new concept in its beginning stages in Korea, it is hard to know the clear benefits and best practices in Korea's case.

“We wait and observe what other competitor's strategy on CSR. It means that companies wait until the government pressures them. The government waits until the civil movement gives them pressure. There is no strong leadership on the labor issue. The main reason for corporations to participate in the CSR is coming from the fact that other companies or competitors are doing it. Thus, they feel behind their competitors. Thus without asking the fitness or proper approach to CSR, companies passively adopt the CSR concept. In addition, companies don't move unless the government makes the law. They show an extremely passive approach to CSR. Chaebols don't move first. Thus, the government should set up the law to reflect the society's opinion. (Corporation 3)”

“The global standards are very normative. Thus it is necessary to practice and implement global standards in the local context, but most companies wait until their competitors move first. Given high uncertainty and benefits, nobody wants to be the leader in the CSR field, unlike the western companies who want to be the leaders to differentiate themselves from other competitors. (Academic.1.2.)”

Furthermore, the CSR managers highlight the lack of CSR incentives from the local NGOs and local consumers in creating the business climate to adopt the CSR in a harmonized way. These interviews reveal that local markets and stakeholders such as labor union and NGOs are ineffective in driving socially responsible behavior in Korea.

“Local companies don't bother to know UNGC, ISO 26000 or GRI when they do business in Korea, they don't have any impact on their business. (Corporation.5)”

“Local consumers are not enough to pressure a company. I think it is either government or international market. (NGO 2)”



“Korean government and NGO are not powerful enough to have an impact on us.

There is no relationship between ethical products and consumer behaviors. Korean companies are ranked in global Dow Jones and sustainability index. (Corporation 5)”

The preference of ethical product is very low in South Korea. In contrast to western, Korean people want to buy cheap for the short term regardless the CSR or corporate responsibility. (Academic 3)”

CSR managers also point out that local NGOs failed to raise an issue and draw attention.

“For many complicated issues, NGOs don’t have any persistence, and Korean media only sporadically raise CSR-related issues, but don’t really draw attention. Thus, there is no watchdog. Thus, we focus more on international rather than Korean issues. (Corporation.6)”

“If NGOs put pressure on us, then companies will attempt to change their unethical behavior. Companies have black lists to block NGOs. Existing NGOs’ identities have also changed due to the lack of funding. Thus, NGOs attempt to work and cooperate with corporations, creating a top-down relationship between companies and NGOs. Commercial NGOs are outsourced and they’ve lost their identity. (Corporation.5)”

As corporations are mainly concerned with international NGOs, NGOs have failed to be a balanced partner in Korea.

“Korean companies ignore the Korean NGOs but they listen to international NGOs. They see international NGOs as a threat and risk. For example, POSCO and Daewoo’s reaction to CSR issues in Myanmar. It is hard to find thorough communication between NGO and companies in Korea. (NGO 1)”

“Monitoring corporation’s responsibility is important to improve GRI quality. But I don’t think NGOs are doing their job enough. (Corporation.5)”

As mentioned above, labor problems are not taken seriously as a factor that might affect the company's competitiveness (Lee, 2007). In 2004, the Federation of Korean Industries <sup>10</sup>(hereafter, the FKI), whose members consist of Korea's major chaebols, working to promote economic policies and enhance the free market economic system, announced the Ethics Management Charter <sup>11</sup> in order to support and effectively disseminate the Chaebols' CSR efforts. However, labor rights were missing in the task, which has been set mainly on the basis of external stakeholders (Lee, 2007). Lee et al.'s (2006) study on CSR highlights a sustainability report from a domestic company that fails to provide accurate information on labor related measures and shows that much of the company's social responsibility work is focused on external aspects of the enterprise, such

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<sup>10</sup> FKI is a multifunctional association for domestic industries, which exists in the form of an incorporated body. The official name of the organization is the Federation of Korean Industries, which consists of Korea's major conglomerates and associated members. The main objectives of the organization are to help promote sound economic policies, and to internationalize the economy to further enhance the free market economic system and the development of the nation. In order to establish the objectives listed above, various domestic economic issues are addressed and analyzed, and extensive research is being done in order to find effective solutions. Our organization addresses the government on major economic issues and policies, helps promote cooperation with major international and foreign economic organizations, disseminate free market principles and assists corporations in promoting corporate community relations. (Source: Federation of Korean Industries)

<sup>11</sup> *Ethical Management Charter (Source: Federation of Korean Industries)*

1. Our company fulfills its social responsibilities as a corporate citizen.
2. Our company creates fair profit through creativity and innovation.
3. Our company makes every effort to make transparent management.
4. Our corporation maintains a sound and transparent relationship with politicians and governments.
5. Our company strives to nurture professional managers.
6. Our corporations compete fairly with each other.
7. Our company develops cooperation between small and medium enterprises.
8. Our company strives to promote the interests of consumers and customers.
9. Our company improves the profit of any company member.
10. Our company is oriented to environment-friendly management.
11. Our company contributes to the development of the community.
12. As a good corporate citizen of a foreign country, an overseas company shall comply with the laws of the present

as donations, publicity, investment, and environment. Consequently, the social responsibility of the company to the employees shows the reality of the domestic enterprise, i.e., that it is neglected. Many large corporations, except for a few companies, are reluctant to accept labor issues as part of their concept of social responsibility. One example is Samsung SDI's report, which provides no information on the existence of unions.

“For example, they write the CSR report without really understanding and managing the CSR issues. If that's the case, they shouldn't use the term CSR. They should say donation team. There is no CSR team in South Korea. In generally, the CSR team is only worried about the donation part. (NGO 2)”

In sum, the analysis reveals that Korean firms and government tend to comply with higher expectations from foreign buyers, international NOGs and international norms, mainly through the voluntary/market-based ISO 26000, including maintaining high quality and environmental regulation and safe products. The interview data, however, reflect that the motivation of private labor standards is more closely oriented toward market stakeholders that may be the priority issue for the Korean government, and the local labor dimension is marginalized. In fact, under an extensive economic growth model proposed by the government, both the ministry of labor and chaebols had always fully engaged in maximizing output without any labor concerns. Taking interview data into consideration, it is reasonable to conclude that the government is passive in labor governance, and was hardly concerned about labor issues during the process of adopting ISO 26000. To appeal to the legitimate concerns of the firm involved in ISO 26000, it is equally important for

policy-makers to create financial incentives, such as tax breaks, and to provide more social incentives and monitoring by strengthening punishment mechanisms.

*The NGOs perspective:* While Chaebols and government came to a consensus on the lowering the labor policy under neo-liberalism to maximize economic growth, not actively engaging with ISO 26000 from a labor perspective, labor unions and NGOs have different incentives to engage with ISO 26000. NGOs in the Western literature have played a critical role in pressuring corporations. They demand adoption of the CSR standards by “naming and shaming” industry practices. However, in the context of South Korea, it is quite different. Naming and shaming do not work, as chaebols have nearly absolute economic power in the market.

“They won’t listen to the other party unless legitimate power or authority push them. (Academic 1)”

“The local consumer is not enough to pressure companies. I think it is either government or international market (Academic 1.2)”

Although NGOs have found it difficult to become equal partners with government and Chaebols, in NGOs’ opinion, they develop different strategies and skills towards ISO 26000’s labor perspective. Furthermore, advocacy NGOs often link to transnational NGO networks as a strategy to gain resources and information and to cope with barriers from government and Chaebols.

“On the same topic of labor issues, companies won’t listen to labor unions, but they will listen to UNGC/ISO 26000 as global labor standard with global authority and legitimacy. Although they will speak to the same labor issue, the CEOs of chaebols care more about global labor standards, rather than what labor unions have to say on labor issues. (NGO 4)”

On labor issues, advocacy NGOs pursue ISO 26000 directly to compensate for limited influence at home and to influence indirectly the labor engagement of public entities. The NGOs have often cooperated with international NGOs, trade unions and other watchdogs to mobilize pressure on Chaebols and government in hopes that they would intervene in support of workers' demands. The major representative civic groups working on private labor governance are Citizens' Action, Environmental Movement Association, the National Human Rights Commission for Korea and Corporate Responsible Citizen's Solidarity. They actively promote social interest and public opinion on CSR, evaluating the CSR performance of domestic companies through various reports, and CSR-related seminars to raise awareness in public. NGOs were initially involved in the development of ISO 26000 in consultations on the development of standards and in monitoring of companies' commitment through CSR reports. The following quote illustrates that the main incentive for NGOs to adopt the global labor standards was to pressure the Korean corporations and government, since corporations and government did not concern about national labor laws, whereas neo-liberal labor became the dominant ideology. The NGOs attempt to hold both government and business accountable.

“We are connecting the UNGC with companies with labor and human rights. Government ignores the ILO and labor issue. (NGO 4)”

“Samsung isn't scared of the government anymore. International cooperation is really necessary to mitigate the local labor issue. They won't listen another party without legitimize power or authority. (NGO 3)”

NGOs have sought to leverage their influence over private labor governance by linking their own position to global private labor standards. They also think the

government's regulation is advanced and well established, but not fairly practiced and mainly favored the corporation.

“Government and Chaebols are on one team. Pressure them by utilizing the global private standards is the only option - using it as a tool to pressure the government. (NGO 3)”

“For example, there was no place to talk about gender inequality at the workplace. Although the government set up the ministry of gender equality and family, and the gender discrimination law exists, it is not put into practice. Even if the existing law is practiced, it is not fair and favors the corporation. (NGO 3)”

“In this case, UNGC/ISO 26000 is useful. For example, the authority and normative value of UNGC/ISO 26000 will have a physiological effect on mitigating the local tensions among stakeholders. (NGO 4)”

Under this circumstance, the participant argues that the hostile relationship between NGOs and corporations should be changed.

“Normally, the NGO is a watch dog for pressure and monitoring the corporation. But for suitability of purposes for the long term, government, companies, and civil society should all cooperate, but NGOs don't take this approach. Traditionally, the democratization process is a political issue. In the economic dimension, given corporations' profit accumulation and close ties with the government, Korean NGOs have a very hostile relationship with corporations. But the CSR is seen as an excellent platform for them to cooperate with each other. (Academic 2)”

Due to the hostile and contradictory relationship between corporations and NGOs, NGO participants point out that the power imbalance is the problem in communicating with corporations.

“At least in the international setting, people can have a discussion on CSR in a balanced way to improve the understanding of each other's perception. But in South Korea, we can't find these settings. The discussion is already

settled by the power hierarchy and their own interests. Thus, we can't have a balanced CSR discussion. From our NGO perspective, we care less about their discussion, because having discussion with corporation won't change that much of CSR progress or corporation's perception on CSR. (NGO.2)"

Within this context, the NGO arbitrates between domestic regulatory changes and global private labor standards. Instead of the traditional participation of NGOs in policy, which was limited to demands and demonstrations toward the government in 1980s Korea, ISO 26000 can provide the platform for the NGO to reach the level of active policy correction and legislative proposals. As an equal partner to the government, the NGO can also play an important role in the operation of private labor regulatory policy. The role of professional NGOs can be important in the operation of regulatory labor policy at a level comparable to that of the government. In the case of government regulation, it previously exposed side effects such as various inefficiencies and corruption, as a site of intense power and struggle between the government and Chaebol. To confront these problems, it is necessary to implement ISO 26000 by voluntarily involving NGOs who can represent citizens to enhance democracy, credibility, and responsibility from the policy-making stages.

In a similar context, with the decline of the labor movement being a global trend, Korea's labor union movement has already entered a crisis and recession phase and it is unlikely that it will be easy to overcome this situation in a short period of time considering the current established government policy, which is friendly to Chaebols. During democratization in 1987, labor-management relations were led by the labor movement. However, labor-management relations were led by the corporations after 1997, as Chaebols

continued to have power over hiring labor policy. The Korean scholars' claim that the most socially immoral elements are recognized as relating to the case of irregular workers, but there is no one to take responsible for this issue (Lee et al., 2006). During the IMF financial crisis, NGOs and labor unions commonly believed that the Chaebols were the main culprits in the crisis. Scholars also argued that the crisis stemmed from the reckless and irresponsible expansion of the Chaebol, i.e., the financial sector went into crisis and dragged down all other industrial sectors (Chun, 2013; Kim & Lee, 2014). As we have seen in the previous section, the CSR practices of Korean companies are minimal concerning investment in people and value of labor. The tendency of corporations not respecting the value of labor shows that the management paradigm of the economy and companies has not progressed in South Korea, especially after the 1997 foreign exchange crisis. Koreans have not been seriously concerned about sustainable management under the umbrella of cutbacks and short-term profitability (Lee et al., 2006). The voice of the corporate side has been strengthened in the context of the global neo-liberal reform. Since the economic crisis of 1997, Korean companies have maximized profit management in the short term in Korea. As a result, the orientation of companies' strategy shifted from sales to profit, which undermined the value of labor. Labor relations have been limited by a market system characterizing the top-down relationship between labor and Chaebols.

Under this circumstance, the ISO 26000 as a platform could create industrial peace and a sustainable society (Lee et al., 2006). Furthermore, this conflict cannot be solved by the existing hostile relationship between labor and corporation (Lee et al., 2006). At this time, when a new paradigm of the labor union movement is urgently needed, it seems



meaningful to find a way for the labor union movement through the CSR movement (Kang, 2008a).

As a reaction to the weakness and disappointment of private labor governance in South Korea, and in response to the rise of ISO 26000, two major labor unions in South Korea - The Federation of Korean Trade Union (FKTU) and Korean Confederation of Trade Union (KCTU) - have started to work on finding new ways to make business groups take responsibility for workers' rights. For example, The Federation of Korean Trade Union (FKTU) based their agenda on labor issues from ISO 26000. Since 2005, they have been participating in ISO 26000 as part of ISO-WGSR and became a UNGC member in 2007 (Kang, 2008a). For the first time in 2007, they mentioned the CSR in their document, stating that corporations should respect the ILO, OECD guidelines, UNGC, etc. Labor unions recognize the potential of adopting ISO 26000 locally and globally.

Locally, the CSR movement may provide a platform for labor unions and other civil society movements (No, 2008). Thus, labor and civil movements can share the same agenda through the CSR movement. Traditionally, labor and civil movements didn't cooperate without clear political goals. For example, Citizen's Coalition for Economic Justice (CCEJ), a citizens' movement in South Korea, which was founded in 1989, also aims to advocate in CSR issues such as Chaebol reform, i.e., ending collusion between business and politics, creating a fair market system, and assuring transparency, while the main focus of labor unions is limited to workplace issues and labor practices including temporary work and stable employment practices (No, 2008). Thus, private labor governance provides a broad global civil society movement that seeks to regulate the basic

rights of market workers, and non-regular workers through the strategies for a peaceful labor movement, not the strike power and militant types of all-round labor movement. Consequently, ISO 26000 as part of a social movement with similar goals, allows civil and labor movements to participate at the same time. Thus, they can have synergistic effects. The collaboration between labor unions and NGOs enables them to govern corporate activity and encourage voluntary action by corporations to enhance labor standards through facilitating social dialogue and best practices (No, 2008). Overall, the private labor governance through the CSR movement is expected to strengthen the inclusion of the social movement in the labor movement, along with the result of dismantling attributes of industrial relations.

Secondly, while traditionally, the corporate and labor relations have been seen as hostile and contradictory at the expense of the social goals, the ISO 26000 framework suggests a common ground for corporations and labor unions to share responsibility mutually (Lee, 2007).

“Additionally, two major labor unions are happy with adopting ISO 26000. Two major labor unions don’t want to discuss the CSR with corporation who are mainly dealing with donations and busy with producing the CSR reports. They think there is no person who can truly understand the CSR from the labor perspective. The CSR field from the labor perspective is not mature enough to raise the issue for multiple stakeholders. Without consensus and common ground, attention will be diverted away from the main labor issues. (KCTU, interview 2006 cited in Lee, 2007) ”

Although most participants agree that a multiple-stakeholder approach is necessary, there is a lack of cooperation and consensus on labor issues. The labor unions can act as mediators to alleviate conflicts between Chaebols and workers. They seem to represent

local workers in negotiating with government and businesses. Since the various areas of ISO 26000 standards directly and indirectly, impact labor workers' daily lives, this is a great opportunity for labor unions to negotiate on various labor issues (Kang, 2008a). The vision of the new system of ISO 26000 is as follows: social dialogue and compromise must come about with marks of sustainability, and the paradigm of cross-sectoral and inter-tier social responsibility should coordinate interests and clarify their own responsibilities (Lee, 2007). The principle of capital that makes this possible is the pursuit of social responsibility along with profits, and the principle of labor is the creation of mutual benefit, not exclusive distribution. To improve the polarized social relations from the top-down management and labor relationship, which means a continuous social relationship between labor and management, it is important to socialize companies as a subject of social responsibility (Lee, 2007). At this level, ISO 26000 provides an important mechanism for the restoration of normal labor-management relations. In this case, of course, the interests of labor unions will be carried through collective bargaining in the form of harmonized interests including the interests of stakeholders and society. There is still an adversarial relationship between NGO/labor unions and companies. Therefore, it is hard to find common ground. ISO 26000, as a part of a social movement, should be strengthened to solve the problems of a polarized or fragmented labor market. Instead of independent social movements that ignore realist market flows, like the experience of the 1997 financial system, labor unions could adopt CSR as a market-friendly movement of global labor standards. In short, ISO 26000 provides a platform for harmonizing labor issues with market-based principles. In sum, moving from a hostile approach to a cooperative approach, ISO 26000 as governance platform can strengthen the relationship between companies and labor unions and

contribute to sustainable development and a stable societal safety net for the long term. Companies should actively respond to the NGO and labor unions' demand (Lee et al., 2006).

Globally, ISO 26000 standards also provide a platform to share solidarity with global labor unions (No, 2008). Until now, Korean labor unions have developed under the international labor unions' guidance. As Korean companies operate in the global market and developing countries, it is also important for labor unions to monitor Korean companies' violence against foreign laborers. Korean companies operate worldwide in manufacturing, resource extraction, and infrastructure development. One of the participants from NGO investigates on how Korean companies respond to human right pressures in Myanmar and Cambodia. The participant reveals that

“The CSR is used as a tool in developing countries among Korean companies against local workers. They try to justify the adoption of CSR by donating to the community while undermining basic human right Issues. For example, the companies do not allow local employees to create labor unions. Thus, this Korean characteristic of CSR which undermines the labor right is dangerous in developing countries. (NGO 1)”

In sum, from the government's viewpoint, it is simply adopting the private governance in the form of CSR in line with international norms. Furthermore, there is a lack of systematic and legislative effort by the government to take the initiative. Similarly, among companies, there is only a small incentive to turn these into collective norms. In response to this passive leadership from the government and Chaebols, labor and civil movements mainly criticize that the chaebols focus on public relations without actually clarifying labor issues. As mentioned earlier, stakeholders address different advantages or

disadvantages of adopting the CSR labor and ISO 26000, all with relation to its potential to be an alternative tool to improve workers' rights. Considering Korea's polarized labor situation under the neoliberal reform, ISO 26000 can be a positive tool for improvement. As the power of civil society is still being marginalized in terms of direct influence on public decision-making, NGOs and labor unions want the government to secure a leading role in establishing an effective and efficient labor governance system. The Chaebols, which have controlling power in the labor issue, should also play a significant role in societal response to labor issues, and actively engage in improving the problem of irregular labor. Also, NGOs should help governments to monitor these issues. From the Chaebols' perspective, CSR managers consider the government agencies the most important actors in labor governance. In their opinion, the government should not only develop ISO 26000 and supervise its implementation at the corporate level, but also provide sufficient financial and technical support.

#### 5.4.2 Normative Value:

Following an analysis of the different positions of the state, Chaebols, NGOs and labor unions in the discursive approach on the private labor governance in Korea through economic values, this section shows how the interviewees expressed their conceptions of private labor governance as well as their changing roles in private labor governance after the nationwide neo-liberal labor reform in 1997. To understand the relationship between stakeholders in Korea and the different roles they play in the private labor governance from a normative view, it is important to consider the distinctive political and economic history

of South Korea. Including documents and interview transcripts, this section focuses on how multiple stakeholders positioned their roles in producing a particular normative discourse of private labor governance of ISO 26000 under neoliberalism.

*Government perspective under neoliberalism:* Before the IMF crisis, Korea was a developmental state, where the government had always strictly controlled economic activities across the economy, and Chaebols dominated the economic structure. After the IMF crisis, labor reforms were required under the neo-liberal ideology. In order to proceed with the Chaebols, the government has attempted to transform the traditional lifetime employment to contract positions. Employees no longer had lifetime employment positions, and began to compete for contract positions. The Korean government attempts to promote the CSR concept as a sustainability discourse, without localizing the CSR in South Korea. As the government favors economic growth by marginalizing the labor costs, ISO 26000 was not aligned with national politics. Thus, they intentionally show low intervention on the labor issue. The participants insist that government and corporations intentionally focus on the donation element of CSR to draw attention away from labor issues. As an example, the Federation of Korean Industries in 2004 announced the CSR's main activities but didn't discuss labor rights, instead focusing on donations, PR and customer relations, undermining the employee's responsibility, discussed in detail of section 5.4.1. While Korean corporations are aware of international standards, they continue to emphasize donations and ignore the labor relations issues (Choi, 2009). This view is also supported by the CSR manager and NGO participants.

“The donation part is easy. Mutually beneficial and easy to agree with each other.

Environment and Labor are the sensitive part. The gap is really big between labor unions and corporations. (Corporation.1)”

“Only donations exist. (NGO 2)”

This trend can also be found in the Korea media, as shown in Sohn (2013)’s recent study on how major Korean media companies frame ISO 26000 within the Korean context from 1997 to 2012. Overall, the amount of news coverage on ISO 26000 is extremely little, as the major media passively communicate on global standards. Although ISO 26000 has seven principles, media mainly focus on the donation aspect, which is only one small element of ISO 26000 principles. Particularly, the labor perspective, such as labor union and rights issues, are marginalized in the media exposure. Media seem to focus intentionally on certain CSR elements of ISO 26000, such as donations, to avoid more locally sensitive issues. As Joongang Ilbo, one of the major three newspaper company which was established by the founder of Samsung Group in 1965. As Samsung group prohibits the organization of a labor union, Joongang Ilbo never mentioned labor rights and union issues through their media (Sohn, 2013). The author concludes that the media led Korean citizens to not to even think about labor issues as part of ISO 26000 (Sohn, 2013).

“Media do not raise the issue, and are not independent of the government and corporations, regardless of left or right media. Thus, it is hard to raise an issue. Media also don’t reveal these issues because they are financed by ads from chaebols. (NGO 1)”

With the transition from a developmental state to market economy, it is also notable that adopting ISO 26000 standards depends not only on government’s leadership but also on paying close attention to the interests and priorities of relevant political parties (left or

right wing) in their respective political ideology and labor policy, especially after the IMF crisis in 1997. Changes in the political, economic, and social environment surrounding private labor governance motivate actors to choose political situations that are favorable to them. Although the role of political parties in government tends to get little attention in the private governance literature, there are notable exceptions as changes in government parties have also had an important impact on the adoption of ISO 26000. In this context, increasing ISO 26000 from the labor perspective is only likely to lead to improvements in the protection of rights for workers when politicians find it in their interest to support policy reform in this area, in the context of South Korea. In other words, left-leaning government parties where the political system represents the interests of workers, or which are faced with strong unions or potential labor power, are more likely to embrace the democratic concept of ISO 26000 to promote pro-labor policies.

In Korea, where the political representation of labor is likely to be strong – as a result of more democratic political systems, powerful left-wing political parties, or higher rates of union membership – the increase in state capacity will be associated with better protection of labor rights. Instead of viewing the state as the management of affairs for the bourgeoisie, the participatory government is considered a neutral arbitrator of society's divergent interests (Gray, 2008). For example, the government actively introduced ISO 26000 when a left-wing political party was in power in 2005. Reflecting his longstanding involvement in the labor movement, Roh Moo Hyun (2003-2007) declared his government a “participatory government” and attempted to transform it from an authoritarian to a more approachable government where decisions were made through participation and discussion (Suh & Kwon, 2014). In this context, the government maintains an antagonistic



relationship with Chaebols. Consequently, during this period, a participation of NGOs and labor union increased greatly under the pro-labor policy.

“Established in 1999, the liberal President Kim DaeJung (1998-2003)’ and Roh Moo Hyun (2008-2012)’s human rights and labor policy was booming. We had opportunities to conduct research and organize the forums on human rights and cooperate with companies, networking with multiple stakeholder managing. (NGO 4)”

The democratic concept of ISO 26000 coincides with left-leaning policymakers and democratized government, a comprehensive approach that directs attention and resources toward not only improving capacity, but simultaneously toward creating political and economic incentives that will induce compliance by firms and enforcement by governments. The rise of the deliberative democracy approach of ISO 26000 has been matched by the left wing’s participatory government movement for the achievement of an alternative to capitalism. If a party pursuing labor union- friendly policies like Participatory Government is elected, then the political and social labor issues shift to the interests of collective politics (Suh & Kwon, 2014).

Where the political representation of labor is weak, on the other hand, there is a negative relationship between changes over time in state labor policy and improvement in labor rights. Since the Asian financial crisis 1997, political elites have prioritized privatization and neoliberalism in order to attract foreign investment and comply with the IMF’s guidance (Suh & Kwon, 2014). The governments have thus prioritized liberalizing and deregulating the labor market by greatly emphasizing economic growth. After the rise of a more participatory government in 2005, the right wing (2008-present) regained power

by promoting the neoliberal labor policy and pro-business policy, lowering tax rates for high-income earners. The right wing has tended to favor privatization or the outsourcing of government functions to the private sector. Thus, the input of activists has been limited at the government's discretion. To elaborate, the centrality of Chaebols' in the country's economy has meant that successive governments have prioritized the interests of businesses over the interests of workers. The temporary worker's position deteriorated during this period, and the concentration of power by Chaebols intensified. The right-wing political parties historically share a liberal, free-market approach that emphasizes decentralization and a low level of regulation. In contrast to president Kim DaeJung (1998-2003) and president No Moo Hyun (2004-2008), viewed by trade unions and NGOs as the best president to orchestrate Korea's recovery from the economic crisis, the current president Park Geun hey (2013-2017) and president Lee Myung Bak (2008-2013) completely denied progressive groups the opportunity to participate in policy implementation (Hundt, 2015).

“But since the conservative party president has been in power from 2008 to the present, human right issues have been going backwards. Fundamentally, CSR is related to national competitiveness. CSR is also seen as relating to donations. Corporations don't associate it with global standards and a normative approach. (NGO 1)”

“ Our NGO have extensive work experience in human rights and business, and have become a committee member of UNGC under the human right the working group. But the last three years, since conservative party came to power, we are not working with UNGC. It is not working properly. (NGO 2)”

The participants point out that NGOs were active during the period of participatory democracy, from 1999 to 2008, whereas their presence was marginalized during the conservative presidencies from 2009 to the present day.

“The current government puts too much pressure on current NGOs. Thus, NGOs have become very weak, and almost invisible. (Corporation 2)”

“NGOs should have sustainable funding, but the current conservative president’s office has oppressed the NGOs. (Corporation.5)”

These neoliberal ideological underpinnings of the conservative party have been accentuated under the rapid expansion of the flexible labor market in the Chaebol sector (Suh & Kwon, 2014). Contrary to the participatory democracy government, which based its political legitimacy on the support of labor rights and civil inclusion, the right wing had no interest or need to address the labor issues of ISO 26000. These findings show that although political elites may possess the capacity to protect labor rights, they also possess the option to neglect them (Berliner et al., 2015). In this case, the repression of labor is an explicit economic or political strategy (Berliner et al., 2015). In Korea, the reasons for weak enforcement of ISO 26000 from the labor perspective are clearly political.

*Corporations’ approach:* Due to the deeply historical and political legacy left by the development-led economy, most Chaebols remained in the close relationship with the government, and government intervention in Chaebols was still powerful. Chaebols are heavily involved in political rent-seeking (Krueger, 1974), investing primarily in political connections to receive certain favors from the government. Based on interviews and

literature, this close relationship continued to be practiced in the adoption of CSR and ISO 26000, and became an obstacle to diffusing the labor aspect of ISO 26000. Although chaebols take voluntary action to address the public good through CSR initiatives, their action was limited to simple response to government policy and direction.

During the interview, most of the CSR managers expressed the negative consequences of the broader authoritarian political environment which deterred firms from practicing CSR in general and labor CSR perspective particularly. Especially, the cozy relationship between corporations and government in the CSR regime limits the leadership of CEO and CSR manager team. Contrary to the common belief that moral leaders exercised CSR initiatives for ethical reasons in the Western context (Du, Swaen, Lindgreen, & Sen, 2013; Groves & LaRocca, 2011; Ha & Lee, n.d.), the CEOs of Chaebols are different. Corporations can't have their own CSR initiatives but rely heavily on the government's direction for private governance initiatives. In general, the government is the key stakeholder with whom Korean Chaebols aim for cooperation through private governance practices.

For example, the CSR plan is conveyed from the higher level of government to the Chaebol and becomes effective at the Chaebol level with the government's instructions. Thus, the government's labor and social policies, which change from government to government, constitute important elements in the discourse of private labor governance. For example, the last two governments social policies prioritized the reduction of the high unemployment rate. In order to achieve such a national target, under the leadership of the government, chaebols had to spend their CSR budget according to these plans.

“For example, youth unemployment is a priority agenda as a social issue. Companies have to do it. The government doesn’t tell them directly what to do, but then CSR managers have to recognize the issues and set up the CSR plan accordingly. Thus, CSR managers face the dilemma and have a hard time. (NGO 2)”

“Corporations care highly about the government’s direction. If the government legalizes the CSR, corporations will follow the government’s rule. For example, if government is asking corporations to cooperate in creating jobs, then corporations promise to create jobs to show their loyalty to the government, to be close in their relationship. With every new president, the CSR is practiced as an extension of collusion between government and business. For example, government is requesting CSR-related issues to a corporation, then the corporation is following well. (CSR manager 1)”

CSR managers admitted that their social CSR activities and donations are mainly guided by the government’s direction and request, instead of the owner’s ethical values, beliefs and principles of organizational members on CSR.

“Even if the donation CSR form existed, there is too much pressure from government which is not independent. Instead of companies voluntarily doing it, they follow the government. For XXX motors, the Happy Movement CSR projects, they provide lots of volunteer activities in addressing poverty and social needs. (NGO 2)”

Therefore, instead of pursuing the corporation’s own CSR agenda, the government practices the Chaebol’s influence on wider societal objectives through the CSR. Consequently, corporations strive to conform to current government signals on labor issues by adopting their guidance, which is an important legitimization strategy for Korean firms.

“For example, aging people, low birth rate campaign, the government is asking for Chaebols to donate money for this kind of social issue campaign. (Academic 2)”

“For example, the government asks Chaebols to set up Samsung, LG, Posco Micro credit by investing millions of dollars. It is not a bad thing but it is a burden for companies to fund this money. But I don’t know if this is working well or not. (Corporation 1)”

“The previous government demanded more donations in the form of social mutual funds. Through Public-Private Partnership (PPP), we create the Smile funds in the form of the micro credit funds. According to the Social welfare policy, we provide 10% of finances for the smile funds, under the government guidance. If the government sets it up, then the corporation has to follow. The practice of CSR is very authoritarian style: government brings in the CEOs of Chaebols and asks them to donate money. The government needs to listen and have more discussions with companies. (Corporation 3)”

The CSR managers, from the corporate viewpoint, emphasize the powerless position within labor governance which reflects the dilemma confronted by the government under specific labor and social policies. Thus, the CSR policy is strictly directed by the governments to fulfill the government social and labor policy.

“We still believe that government regulation is most effective. The government relations are the key issue. If companies don’t listen government and stick out too much, then this five-year period of new government period will be very difficult for companies to operate business. Our outcome mainly relies on the relationship with government. (Corporation.2)”

“Corporations will follow government regulations. I don’t think corporations will reject or be reluctant to follow the government regulation. Do good and do well. Let’s keep the minimum law. (Corporation 5)”

It is reasonable to conclude that establishing a good relationship with government is, therefore, an effective way to overcome institutional uncertainty in a competitive market and help Chaebols secure favorable treatment. Political rent-seeking behavior in private labor governance affects ISO 26000 and CSR practices through two channels. On the one

hand, instead of corporate values and ideology on ISO 26000, government policy serves as the underlying guideline for a firm's decision to adopt ISO 26000. On the other hand, this political, institutional environment may constrain responsible business practices. In this sense, establishing a regulatory framework, and the ability of the government to enforce the law and monitor corporate behavior that seeks labor rights is crucial to ensuring responsible corporate behavior.

*The Fragmentation of NGOs:* In contrast to existing CSR and labor literatures where labor issues in developing countries are advocated by international NGOs and consumers through the supply chain in the global economy(Wright et al., 2010), the local advocacy NGO is more important than the presence of international NGOs for labor issues, as local labor issues are more related to political legacy and culture in the Korean context. There is a general assumption that NGOs in East Asia are relatively weak and passive compared to Western NGOs. However, the Korean labor NGO is relatively dynamic and also greatly influenced by government parties and policies.

“Labor is seen as a political issue in Korea, while at the global level, labor is universal and common sense. (NGO 4)”

As illustrated above, while authoritarian government led to the emergence of dynamic and militant labor and civil movements during the democratization period in the 1980s, NGOs' civil movements face the double transition to neoliberalism and democracy and enter into a state of crisis in relation to the labor policy after IMF in 1997. The early forms of business/NGO relations were mostly confrontational in South Korea on labor issues. Instead of the traditional adversarial relationship between NGOs and companies,

they move to partnership and collaboration in the context of CSR. Companies became more proactive in seeking partnership with NGOs to solve social problems. Based on this analysis, I distinguish between two different types of labor NGOs in relation to labor and CSR: Pro-CSR NGOs and Anti-CSR NGOs. Pro-Business NGOs are seen as an extension branch of Korean corporations in carrying out charity and voluntary CSR initiatives. As their funding comes from the CSR initiatives of Korean corporations, they build friendly partnership and collaboration. Chaebols expand their partnership with NGOs that are best suited to deliver the social contribution program.

“Samsung as a group spend on the big CSR donation projects, such as sending hundreds of students to volunteer programs to teach marginalized social groups and students in developing countries. This is the kinds of activity NGOs normally to serve the community as a group. (Corporation.5)”

Pro-business NGOs are lacking in finance and highly depend on a corporation’s donation. This creates a hierarchical relationship between NGOs and corporations, which activist NGOs criticize for incompetence and the loss of these NGOs’ identity.

“NGO sectors are a very competitive market for survival, and as companies are the main funder for these types of donation, NGOs don’t really oppose the companies; they want to cooperate and establish good relationships with companies. (NGO 2)”

“It depends on money. NGOs don’t have funding resources. (Corporation.1)”

Other anti-CSR NGOs express suspicions concerning the funding of NGOs to run certain CSR programs, which foster doubt towards the NGOs identity.

“NGO is also commercialized. (NGO.3)”



“Existing NGOs’ identities have also changed due to the lack of funding. Thus, NGOs attempt to work and cooperate with corporations, creating a top-down relationship between companies and NGOs. Commercial NGOs are outsourced and they’ve lost their identity. (Corporation 5)”

The Center for Good Corporations is the major labor NGO who monitors the CSR activities of companies. Their major activities are limited to evaluating the corporations’ CSR activities and holding CSR-related seminars and conferences. They produce petitions to Samsung SDI, Hyundai Motors to respond to Korean labor issues. Active labor NGOs are well aware of global private labor standards and have a high degree of knowledge. For example, the National Human Rights commission of Korea provides a range of CSR-related policy reports and holds international conferences. As the recognition of labor and CSR is low among corporations and government, activist NGOs attempt to raise awareness of global standards by emphasizing the risk and consequences of failure to adopt the CSR.

“In reality, this is the only way to gain attention from government and corporations. NGO has two jobs: first, acting as a watch dog and secondly, training the corporations and the government. Sometimes, corporations and the government are not aware of the risk of global standards and negative consequences of it. Global standards are a tool to pressure the corporations. But the problem is that corporations don’t understand properly in Korea. They have very low knowledge of labor issues. Thus, we need to teach them the existing global standards and educate on the importance of global standards such as the risk of not adopting the global standards. Thus, it is a double burden for us. (NGO 1)”

One of the labor NGOs activists mentioned the current NGOs’ identity in labor CSR:

“When I introduce myself as a CSR activist, nobody really welcomes me. For example, companies are suspicious about my intentions and have a hostile attitude towards me. When I introduce myself to NGO activists, they see me as part of the corporation, representing the corporation’s interest. As

the situation is very divided between companies and NGO, I am in the middle of nowhere and neither belonging nor welcomed by any group. In Korea, there is no group like me. They just hate each other emotionally. They don't talk about the facts. (NGO 3)"

Based on the interview data, the labor NGOs are highly segmented and disconnected in the private labor governance. Concerning ideologies, priorities and perspectives of private labor governance are different between these two polarized NGO groups.

*Trade Unions' different views on ISO 26000 labor standards:* One of the most interesting questions relating to private labor governance in the South Korean context is thus how organized labor unions and their institutional infrastructure cope with the new CSR labor initiatives, ISO 26000. In this section, I analyze two major labor unions' documents dealing with labor ISO 26000 particularly. I move on to analyze which elements of the potential range of CSR labor/ISO 26000 two trade unions emphasize as important to them, which leads to a discussion of labor unions views on the voluntary nature of the ISO 26000 standard. Then, this section examines strategies pursued by labor unions in response to the rise of private labor governance.

In this context, both labor unions position themselves among the legitimate actors in the field of ISO 26000 because they are the workers' representatives. Initially, both major labor unions, the Korea Federation of Trade Unions (FKTU) and Korean Confederation of Trade Unions (KCTU), were somewhat critical about the fact that ISO

26000 is a guideline for social responsibility that applies to all types of organizations, not only companies but also trades unions, because it can dilute the social responsibility to be imposed on companies (Kang, 2008). Also, the CSR could replace the role of government or nullify labor unions' collective bargaining power. (Kang, 2008). Thus, it should be implemented at the national government level through laws and regulation, not a corporate voluntary system (Kang, 2008). However, the two labor unions differed somewhat in the development of ISO 26000 regarding the role the government and the position of the unions under the neo-liberal ideology: the FKTU began to favor ISO 26000 while KCTU continued to take a critical stance on the development of ISO 26000.

The FKTU became positive toward ISO 26000 as it is aligned with their ideology of social reformists' unionism, '*the labor movement with the people*' (Jeong, 2012). It is expected that ISO 26000 will contribute significantly to the development of the labor union movement as it means to establish more democratic institutions and practices in the internal organization management and accounting procedures as well as future activities (Kang, 2008). In 2007, the Korean Federation of Trade Unions (FKTU) devoted 13 separate chapters entitled "Strengthening Corporate Social Responsibility and the Role of Labor". They are more interested in political activities and social contribution activities, but they are less demanding and more abstract in terms of working conditions, and more detailed in introducing and reporting international standards. (Jeong, 2012).

In contrast to the FKTU, KCTU views and responds to CSR and ISO 26000 as part of the existing struggle for political and social reform. For the first time, KCTU has referred to CSR as a separate chapter in their demand for collective bargaining in 2007. The 2007

Democratic Labor Union Coalition Handbook, Requests and Challenges (KCTU), devoted 14 separate chapters entitled Corporate Social Responsibility (Jeong, 2012). KCTU defines the role of CSR-related unions as follows: "the labor movement becomes a subject that demands and monitors the social responsibilities of domestic companies along with the civil society" (KCTU, 2007: 256). KCTU makes publishing the CSR reports as a mandatory, which should also be approved by labor union (Jeong, 2012). Furthermore, CSR should be regulated and legally binding, not a voluntary activity of the Chaebol.

As oppose to the CSR, ISO 26000 emphasize each labor union member's responsibility as a stakeholder. The FKTU are relatively positive about the transition to Social Responsibility (Jeong, 2012). The FKTU strives to realize a more mature labor union movement that contributes to the development of our society and the economy as a whole, rather than establishing more democratic institutions and practices in the organization and operation of labor unions (Jeong, 2012). As a member organization, it shows the aspect of recognizing the SR standard as so-called 'union's social responsibility (USR).' In contrast, the KCTU is relatively passive in pursuing the Social Responsibility's ISO 26000 standards based on the stakeholder. KCTU demands more special rights than the stakeholders as an equal partner. While FKTU ultimately seeks to build a society in which workers become owners, the KCTU is more concerned with the improvement of labor conditions in CSR demands. KCTU is concerned that the CSR will be diluted through the transition to Social Responsibility.

In addition, the FKTU separates citizens from workers/ unions, while the KCTU does not. While the FKTU declares itself "a pioneer in the realization of social justice, a

strong advocate of peace and a leading role in the creation of a forward-looking culture," the Korean government is also striving to improve the political, social and economic status of its employees (Jeong, 2012). In other words, FKTU are moving toward a mutual benefit through ISO 26000 activities, reporting that the pursuit of workers' interests and the pursuit of citizens' interests are highly contradictory. In this logic, the union has the identity of unionism, which pursues the interests of union members first and sees non-union members in the separate category of citizens (Jeong, 2012). From this standpoint, society as a whole sees the activities of the 'people' as the part of the citizen, separating union members and non-members.

On the other hand, the KCTU, in its declaration, insists on "building a democratic society and a united country, which will improve the political, economic and social status of workers and improve the quality of life of the whole people, guaranteeing human dignity and equality (Jeong, 2012). Improvement is linked to the lives of worthy people and human values in the KCTU Code and Program. In this sense, the pursuit of workers' interests is not contrary to the pursuit of the interests of the citizens, since the improvement of the status of workers is seen as a starting point for improvement of human life beyond the people (Jeong, 2012). Therefore, the KCTU can be regarded as having the identity of general unionism pursuing the interests of workers in general, without distinction between union members and non-members (Jeong, 2012).

While the FKTU does not separate the role of government and trust of the government, the KCTU has a duality that emphasizes the role of the state but does not trust the government at all (Jeong, 2012). As an indicator, the FKTU has actively participated

in the activities of the government, while the KCTU has maintained its critical position against it (Jeong, 2012). In the case of ISO 26000, FKTU participated early in the SR Standardization process, organized by the government, while the KCTU dispatched representatives based on the necessary lines without participating as regular members (Jeong, 2012). Unlike the FKTU, the KCTU seems to reflect the fact that it has a history that has driven the democratization movement under severe repression by the government. The resistance against ISO 26000 stemmed from experiences with the IMF's neo liberal labor reform policy. At the beginning of the IMF in 1997, national labor policy was mainly determined by favoring the Chaebol. In order to secure labor rights, KCTU were reluctant to see their labor policy managed or operated by the government.

In sum, the difference is that the FKTU has relatively consistent role expectations and trust toward the government, and has a union identity that separates citizens and workers and defines itself as a major stakeholder in enterprise and society (Jeong, 2012). On the other hand, the KCTU has a general unionism identity that does not separate the interests of the citizen and the interests of the workers, while separating the role expectations of the state and trust in the government (Jeong, 2012). Given such a spread of positions, similarities and differences can be detected in the approaches of labor unions, NGOs and government parties to private labor governance. There were tension and wider contradiction between democratization and neoliberal governance of labor regime, which has had a particularly damaging effect on the promotion of ISO 26000 at the national level. With different understanding and interests in ISO 26000 among stakeholders, ISO 26000 will remain at an abstract level. The government should act as an agent for harmonizing civil society and labor unions' divergent interests on private labor governance.

#### 5.4.3 Governance value:

Under the participatory government in 2003, the Ministry of Commerce, Industry and Energy (MOCIE) attempted an initiative to respond to the spread of ISO 26000 at the government level, but there is a lack of awareness of systemic problems and response to ISO 26000. The participants also criticize that there is no leadership role from the Government.

“President No Moohyun introduced ISO 26000 which pressures corporations, but this president’s leadership was weak, and there is no specific CSR government director. (NGO 2)”

“The government doesn’t do anything. They don’t recognize the importance of CSR in contrast to corporations. At least corporations attempt to imitate the global standards. (Academic 3)”

Government does not have systematic goals and plans. Furthermore, there is no central CSR team to control the specific thematic issues, such as labor.

“The Ministry of Commerce, Industry, and Energy (MOCIE) was involved in ISO 26000. I participated in the group. But they didn’t have a strategy for the long term. They should have invite multiple stakeholders by including NGOs and companies. But NGOs were contradicting the companies and hostile toward each other. Thus, the balance wasn’t happening (Academic.3).”

Compared to ISO 14001, labor NGOs and labor unions are highly disappointed with the low level of commitment and leadership on the part of corporations and government on labor issues. Lee (2007) points out that the MOCIE should jointly work

with the Ministry of Labor, The Ministry of Foreign Affairs, The Ministry of Finance, and The National Human Rights Commission of Korea, to respond exclusively to such a private labor standard.

“Ministry of labor has no power. They avoid the hardcore issues such as ILO. (NGO 4)”

“There is no government to do CSR. Government should listen more to companies’ opinion and what they can contribute. (Corporation.3)”

*In a similar context*, previous studies highlighted that corporations exercise power in the development of standards. It has been suggested that the stakeholders who are knowledgeable about the standard setting, have an advantage over less experienced participants (Hallström, 2000). In the case of South Korea, the most experienced groups of stakeholders are Chaebols, as Chaebols possess various forms of expertise on CSR. Despite their potential to be the leader in the private labor governance field, however, the volume of the interview shows significantly weak leadership from Chaebols.

“Companies ignore. Companies have lots of information on how to do CSR practices well and actively follow the global standards. They know the global CSR trends. But they don’t want to do well; instead, they want to defend themselves. The direction is very different. It is about how to defend themselves, whereas we want them to do well. They don’t have leadership. (NGO 3)”

“Currently, ISO SR Working Group has 6 departments (Government, Business, Labor, NGO, Small Business, etc.) 300 members are working here, with 20 workers representing only 7% of the total. Except for Japan, Singapore, Northern Europe and France, the rest are active. On the other hand, business and government representatives are predominantly numerically superior, so it was thought that in the case of ISO 26000, the guidelines on the labor market might not be determined in favor of workers.”  
- Interview with the International Director of the Federation of Korean Trade Unions (2006/08/10 cited in Lee, 2007)



As national business groups (Chaebols) are an institution, often family owned and coordinated through some form of hierarchical control and interlocking directorates or managerial ties, leadership is important. CSR managers admitted that unless top leaders were aware of the necessity of ISO 26000 from the labor perspective, it is hard to promote the implementation of labor-related CSR issues within the company. CEOs show a lack of leadership in labor issues.

“On the labor part, there is deep mistrust among stakeholders. Korean Companies have a family owner system. If the owners don’t change their companies, the labor issue won’t change. (NGO 4)”

Consequently, as a majority of companies dedicated particular functional departments to the CSR management structure, they perceive the CSR team as marginalized within the organization, which is consistent with findings in other developing contexts, that firms were still at a beginning stage of CSR management and institutionalization (e.g., Jamali & Mirshak, 2007). As most of the participants of CSR managers complained, it is hard to develop their own CSR vision and strategy for the long term. As the participants depict, they were still powerless to carry out effective CSR practices at the corporate level.

“XXX group is very sensitive about what government wants them to do. They have to listen and accept what the government wants. They can’t get away with that. For example, if there is a new government in power, the government has a new economic and social agenda, and asks chaebols to share what to do: a top-down approach. Then, XXX business group asks family companies to divide the CSR work in each sub- or family company. That’s how CSR managers set up the vision and strategy every 5 years due

to the presidential election. For example, if we decided to master the goal of creating jobs, then government loves and defends the companies. Thus, CSR managers can't set up a long-term vision. The longest vision is for a maximum of 5 years. But in reality, this is how we are constrained by the government and chaebol owner's plan. (Corporation 2)"

"The role of Chaebol owner is very important. They have the decision-making power. Middle managers can't do anything. The CSR team is marginalized within the company. We need to reset the CSR agenda every 5 years due to the presidential election. Therefore, the CSR can't have the long-term impact. (Corporation.3)"

Additionally, several NGO participants point out the marginal status of CSR teams within corporations, which is seen as an obstacle to the promotion of labor issues.

"When we talk to the middle managers, they understand the issues. But when it goes up to the Chaebol owner, owners block the issues. Unless government or global authority organizations pressure the owner of a corporation, they won't move. (NGO 4)"

"I don't think there is any CSR team in South Korea. Most of the CSR teams are donation-oriented. Even if you meet the CSR manager, it is hard to tell if they really reflect the corporation's strategy. CSR teams are also marginalized within the corporation, compared to other main departments such as strategy and finance departments. (NGO 2)"

*Labor unions and NGOs are still in early stages of adopting ISO 26000:* The NGOs and labor union has not been possible to create formal discussions or systematic responses in adopting the ISO 26000. The NGOs and labor unions also remain passive about the ISO 26000. The labor union networks and NGO failed, not only in providing workers with strong governance mechanism to negotiate with Chaebols and the government but also in generating a sense of a collective agenda to represent labor interests.

As Korean Confederation of Trade Union mentioned, it is too early to discuss CSR, as the CSR has not matured enough. Chaebols don't carry out the minimum CSR principles with respect to labor. To respond the weak governance mechanism in ISO 26000, the NGOs attempts to evaluate the CSR reports and publish the ranking index of CSR in the media. Since the mid-2000s, the National Human Rights Commission has been publishing policy reports every year to introduce corporate human rights management, holding international conferences, and running human rights management forums (People's Solidarity for Participatory Democracy, 2007). Similar to the NGOs, Choi (2009) argues that these two labor unions made a good start but the organization is not systematic with long-term goals. It remains abstract, without a full understanding of ISO 26000. The labor union is likely to be given a new role in the CSR paradigm by participating in the development of ISO 26000. The labor union has not officially expressed its position.

“In fact, the position of the Federation of Korean Trade Union is not officially expressed. The Chaebol community might be in the same situation. I personally think that labor unions should discuss ISO 26000 in more detail.”  
- Interview with the International Director of the Federation of Korean Trade Unions (2006/08/10 cited in Lee, 2007)

This is not surprising considering that collective bargaining and the role of unions do not take place in global private labor standards even in the developed countries where global private labor standards were introduced earlier than in Korea (Lee, 2007). Although labor union is one of the main stakeholders and subject to ISO 26000, their level of understanding and response to private labor standards are relatively low, and their reaction to labor issues within private labor governance is passive. The most problematic aspects of these labor unions are their lack of an internal system to strategically negotiate with

corporations by leveraging their labor unions. Their main activity is simply confined to putting pressure on Korean corporations to improve their responsibility (Kang, 2008b). Instead of having a hostile relationship with corporations, labor unions should be part of the CSR movement. For the first step, scholars point out the importance of labor unions and NGO should be involvement in the process of CSR reporting to monitor objectivity (Lee, 2007; Lee, 2010; People's Solidarity for Participatory Democracy, 2007). If labor unions work to monitor the CSR report process, this has several positive implications. First, it will benefit HR managers by having labor statistics and sectoral labor information, which can be compared effectively to reduce costs. Secondly, CSR report will be more transparent and credible (Choi, 2009; Lee, 2007). Companies should introduce internal verification procedures through cooperation with labor unions' reporting before companies publish ISO 26000 reports externally. This not only produces a very credible report but also provides an opportunity to double compliance efforts (Lee et al., 2006). Furthermore, instead of depending on corporations' voluntarism, participants emphasize each individual role and responsibility of labor, consumer and CSR manager.

“Before we ask for corporate responsibility and owners' responsibility, NGOs should ask for responsibility on the part of every citizen, who can also be labor and consumers. But the problem is citizens should change. For example, I asked the managers at XXX Motors. Why don't you make a bus for disabled people? It is not like Hyundai Motors lack the skills or technology to make a bus for disabled people. Normal people are against it. They answered that it is very inefficient. It takes too much time to load and unload disabled people. Some labors don't want to work with disabled people at the workplace due to inefficiency. The perception of Korean citizens is lacking in terms of their responsibility for marginalized people. (Academic 3)”

Also, participants emphasize the role of media to diffuse ISO 26000.

“Few point out that the role of media was also important. For example, Korean companies are not well investigated by Korean media and international media (corporation 5).”

Without sufficient premeditation and pre-communication between government and other stakeholders, ISO 26000 failed to provide a platform to bring together all the relevant stakeholders. It is necessary to build a comprehensive labor governance system for ISO 26000 standard. As there is no provider of governance, the governance arrangements could not be established due to the lack of a negotiation and bargaining process. Through active dialogue and cooperation between Chaebols and labor unions, NGOs, not just the government, ISO 26000 should take a positive role in labor management and long-term sustainable development, rather than threats to corporations. The effective response to international norms will be made possible by having an open attitude to preparing ISO 26000 reports jointly between labor and management, to address related labor issues. The ISO 26000 should be carried out on a cooperative basis rather than by hostile tactics (Lee, 2007). Government policy requires in-depth thinking on CSR. The government must work through policy and legal support systems to ensure ISO 26000 is implemented in practice. ISO 26000 is not just a matter of producing CSR reports. Thus, the government is required to take an active role. As the international norms and pressure tools specifically affect the government, there is a special need to play a more central role in the maintenance of ISO 26000, rather than resting on the current situation. (Lee et al., 2006).

## 5.5. Conclusion

As illustrated in the case of the ISO 14001 standard, global private governance must not be seen as being divorced from national political and economic challenges. In fact, ISO 26000 is sometimes presented as a response to, and sometimes as the result of, new challenges created by the national labor policy. For example, the ISO 26000 standard from the labor perspective is at once viewed as a response to the crisis of the developmental state, producing a new model for social governance, and as a framework linked to national competitiveness.

In contrast to the high consensus among companies on the recognition and response to environmental problems, the labor issue is very rudimentary. There is a lack of preparation of various social indicators for the labor field. Anecdotal evidence from interviews shows that many Korean businesses noted insufficient incentives from the regulatory framework, business climate, and consumer group, media, NGOs and trade union. Thus, the way to integrate various institutional elements into shaping the emerging CSR labor-related institutional system deserves consideration for policy makers in South Korea. Under this circumstance, ISO 26000 has limited impact on labor union rights and discrimination against irregular workers, which is of limited interest to the government and Chaebols. In line with Bartley & Egels-Zandén (2015), I conclude that ISO 26000 has a very limited impact on facilitating labor agency in Korea. The ISO 26000 are unable to mitigate a potential overall decline in labor union rights, or to facilitate more effective operations of existing company level of labor unions. Normatively, although the interviewees with different positions expressed their understanding of private labor

governance with different interests, these discursive texts comprise a more comprehensive discourse for the Korean private labor governance system in neo-liberalism. A series of contemporary labor issues such as irregular workers in Korea has been caused mainly by prioritizing rapid economic growth within neo-liberal labor reform. With the emergence of labor problems as a national phenomenon, the traditionally centralized command and control model no longer works well because of stakeholders' different understanding of labor issues and the increasing bargaining power of Chaebols, NGOs, and labor unions. Therefore, with a shift from government to governance, ISO 26000 provides a platform for non-state actors in dealing with labor issues in Korea.

In the governance, the government still functions as a leader in developing plans and coordination between the Chaebols, NGOs and labor unions. However, without sufficient pre-mediation and pre-communication of the detailed ISO 26000, government and Chaebols' adoption of ISO was ultimately impeded. In the process of governance, the government could have played a leading role in guiding and providing financial and technical supports. Despite increasing collaboration by the government, disagreement among ISO 26000 prevails, impeding the establishment of ISO 26000 in general and common labor standards. As Lee (2007) suggests, if the major members of society cannot avoid the problem of the labor issues of CSR, in the first place, they should use ISO 26000 as an opportunity. Similarly, labor NGOs and labor unions should move beyond the fence of organized labor in Chaebols' problems to seek a social role by establishing a mature strategy to reconcile conflicts between the citizenship and corporations' sustainable growth. In addition, ISO 26000 as part of the social movement can strengthen the relationship

between companies and labor unions/ NGOs, which will contribute to sustainable development and a stable societal safety net for the long term.



## CHAPTER 6: THE POLITICS OF PRIVATE GOVERNANCE

### 6.1. Introduction

The previous two analytical chapters carried out a three-dimensional analysis of value regime - economic, normative, and governance regime - to investigate the changing discourses in private environmental and labor governance in Korea. Based on the theoretical framework illustrated in Chapter 2, this section describes the empirical findings on the reconfiguration of government power in coordinating and accommodating the development of private environmental and labor governance as well as the relationship in hegemonic struggles between state and non-state actors.

It is important to stress that different national engagement of private governance is not necessarily integrated into a global framework in the era of globalization. Indeed, in some cases, globalization can erode the national patterns of regulation, including self-regulation, through the liberalization of markets. However, it would be wrong to see liberal ideologies as sweeping away the domestic structure of the economy, as these can also tie different national governance engagements together (Peña, 2011; Peña, 2014; Roger, Hale, & Andonova, 2015). It assumes that neoliberalism is a disempowering force from the perspective of the Korean state. However, in fact, as the two ISO cases illustrate, it enhances the power of the state. Thus, it is important to examine the integration of

theoretical perspectives that investigate at the domestic level. In the Korean context, the government is the primary actor, but not the only actor. Although the empirical findings of chapter 4 and 5 clearly show that non-state actors can affect outcomes through their technical expertise and agenda-setting (Murphy & Yates, 2009), the government in Korea set the conditions under which non-state actors will exercise their influence. The process tracing of two issues of the ISO standards suggests the importance of domestic industrial policy to lead non-state actors to choose the ISO standards.

Based on the comparative analysis of the ISO standards' governmental vision, policy objectives, and strategies, this section compares two thematic fields (environment and labor) that represent the very different mode of government action. For example, although the two issue areas are similarly relevant to the sustainability agenda under neo-liberal restructuring, the government is highly involved in ISO 14001, with the great stringency of private standards for a cohesive private regulatory environment. Conversely, lenient standards and low government involvement in ISO 26000 account for fragmentation. Given this circumstance, this section will assess how and why the Korean government has intervened with private governance architecture in diverse ways in two issue areas: environment and labor. The Korean government's intervention has varied in degree, included establishing legislation that serves as a baseline for private governance, defining organizational criteria against which private governance is assessed, and providing incentives in the case of ISO 14001. On the other hand, the ISO 26000 standard failed to be diffused widely in the absence of government leadership. These case studies help to better understand specific instances to achieve national economic policy objectives, and from this one can draw more general lessons. The nature of domestic regulation has an

imprint on the position of actors in shaping the design or engagement of the ISO standards to different degrees. As private regulation through the ISO standard-setting process has matured and developed, this section analyzes how the forms of governance might evolve, and what might account for the variation in trajectories in the environmental and labor issues. This chapter also shows how government contributes directly or passively to constructing the private governance field through its activities.

While most Gramscian governance research emphasizes the corporate political power and NGOs' counter-hegemonic power to outmaneuver state power (Levy & Egan, 2003; Levy et al., 2015; Wright et al., 2013), less attention has been given to clarifying the re-regulation and re-configuration of state power in contemporary alliance building. Thus, a comprehensive understanding of the unique feature of Korea's private governance requires a neo-Gramscian theory with deep insight into the value regime in Korea. Under the liberal market economy, three-pillar actors (the government, chaebol and NGOs/ Labor Unions) in governance began to construct a hegemonic relation that is different from the Western context. The government's role is powerful in the environmental governance system while their supervision of business dominates the entire triangular relationship. To provide a more explicit and dynamic understanding of the hegemonic struggles among the state, Chaebols, and NGOs over the private environmental and labor governance, this chapter aims to discuss the contradictions and struggles involved in the current political and economic regime in Korea. This chapter links all empirical findings to the theoretical framework of this study, by summarizing the changes in hegemonic struggles among different actors over the environment and labor domain. From a theoretical perspective, the

analysis suggests that greater emphasis should be placed on the interaction between the domestic political environment in Korea and the voluntary ISO standards.

## 6.2. Economic Dimension

The initial conditions for adopting the ISO standards in these two sectors were quite similar. In each of these cases, the government initially introduced the ISO standards and promoted them with other relevant actors under the influence of neo-liberal policies. The Korean environmental policy was greatly modified in the 1990s under international pressure. Recognizing the limits of traditional command and control approaches, the government actively adopted a mix of policy instruments through the use of more flexible voluntary and market-based instruments. When adopted in 1995, ISO 14001 was viewed as new policy approach involving more flexible and market-based environmental instruments. Similarly, after the Asian Financial Crisis in 1997, the national economy fully embraced neoliberal policy. As a consequence, the labor market was liberalized and deregulated, leading to the breakdown of the lifetime employment system in 1997.

Despite their similar starting points and comparable dynamics, however, the two cases followed different trajectories, which resulted in different outcomes that affected the level of fragmentation and cohesiveness of governance in each sector: the high cohesiveness in the environment and the continued fragmentation in ISO 26000. Interestingly, the incentives for adopting ISOs depend on particular national approaches to policy implementation that are inherent in Korea's development-led policy. In this context, the government choice of adopting the ISO standards varies in a way that reflects the

respective approaches to environment and labor policy implementation that are inherent to the country (e.g., more liberal in ISO 26000 or interventionist in ISO 14001), rather than any particular constraints within voluntary ISO standards systems.

In the case of ISO 14001, all participants realize joint gains in reducing administrative burdens for the government, providing flexibility to decide how to implement environmental improvements for Chaebols and working toward superior environmental performance for environmental organizations. All participants in ISO 14001 are committed to processes, concerns, and outcomes that legitimately serve all parties to serve common interests. Rather than the win-win (cooperation) discourse of CSR of Western countries (Porter & Kramer, 2007), it is notable that the hegemonic building of ISO 14001 standards usually represents a method of mutual exploitation on the basis of a non-oppositional stance towards the state. As discussed in section 4.3.2, the traditional trade-off relationship between government and corporations continues through the practice of ISO 14001 standards regardless of the neo-liberalism of private environment governance. For example, the government provides financial incentives and relaxes environmental regulation by substituting the ISO 14001 standard to achieve the national instrumental policy. As for Chaebols, they not only enjoy low regulation but also gain legitimacy from the government, international buyers and civil society. Under these circumstances, government agencies in Korea have direct influence over firms' decisions as to whether to participate or not. Government environmental policies and incentives with respect to ISO 14001, especially government efforts to present a more industry-friendly certification program of ISO 14001, are widely held to have high credibility. This provided a reason for corporation interests to seek collective, self-regulatory action. Furthermore, by focusing on

the discourse of sustainability and green growth, ISO 14001 standards tie in with national public policy, where there is a historical tradition of prioritizing economic growth and national competitiveness. For example, the government considers ISO 14001 as the business contribution to sustainable development. Thus, ISO 14001 itself also supports the development of public policies for environmental management in several ways. Engaging with ISO 14001 has helped to support the new paradigm and practices at the nexus between environmental management and economic growth. As the politics of the new environmental policy paradigm was framed as “sustainable development,” the concept of sustainability was closely aligned with government policy and corporations’ agenda, with high influence on the maintenance of hegemonic stability among the state, business and public, and the promotion of a competitive national economy in the global market. In fact, the government has facilitated collaboration and their mutual recognition under the environmentally friendly company label. These ISO 14001 standards enable Chaebols to gain legitimacy in the international and national markets, which may have facilitated collaboration and their mutual recognition under ISO 14001 certification.

Secondly, the exploitive relationship represents the hegemonic struggles between the government, Chaebols and NGOs; on the one hand, the state and Chaebols have realized the importance of NGOs in an environmental governance regime to carry a certain legitimacy role, to promote the democratic participatory concept of ISO 14001; on the other hand, they are suspicious and fear that an increasingly powerful environmental NGO movement could challenge their authority. Although the NGOs maintained significant criticism against Chaebol and the government, over time the conflict among stakeholders has transformed into collaboration through mutual adjustment and recognition of the

benefits of ISO 14001. There is a perception in Korea that the government serve business interests to the exclusion of environmental interests, and that government is often held captive by business to serve its interest. The environmental movement not only focuses on the question of national economic strategy but also acting on the margin of the dominant discourse of environmental governance.

Furthermore, NGOs in Korea's modern environmental governance system can play a visible role in facilitating environmental monitoring work and mediating environmental disputes, but their potential to be a forceful actor in securing hegemonic stability has been greatly restricted by funding and governmental restriction. In the case of Chaebols, corporations provide financial sponsorship for the NGOs to carry out environmental activities towards the communities, to improve their green image as part of the CSR, as discussed in section 3.4.1. Furthermore, this tradeoff type of alliance between NGOs and Chaebols reduces the reason to look for alternative modes of environmental standards. Due to the high recognition of ISO, ISO 14001 lends additional legitimacy and resources to domestic proponents of environmental action and even helps to create new supportive constituencies by reframing debates from environment vs. economy towards more sustainable development. Overall, local actors in Korea are the most receptive to ISO 14001.

In sum, the transition to the regulatory system in Korea from government to governance led to great changes in the roles of the three entities in private environmental governance: the government has changed its hegemonic role from a regulator to a supervisor, to guide the improvement of national competitiveness through the Chaebols'

green performance, to transform the traditional production model to economic growth considering sustainable development; the corporation has had to place more focus on green performance, responding to pressures from government and other international stakeholders; green NGOs, as an equal partner, have gradually played a more visible role in balancing the power of the state and Chaebols through the engagement with international norms (Bo, 2016). The government creates a favorable domestic regulatory environment and encourages participation by introducing some relevant domestic legislative instruments. In this context, the government successfully constructs alliances among Chaebols, consulting companies, as well as SMEs and NGOs in Korea, dominating the economic, political, cultural and ideological domains of environmental governance. Thus, ISO 14001 manifested intellectual and moral hegemony in Korean society through developing the competitive national economy, improving people's standard of living, and constructing a healthy environment. Most Korean citizens and Chaebols seem accustomed to such an authoritarian governance regime in the environmental sector.

In contrast to ISO 14001, ISO 26000, with its low recognition, had the lowest level of compliance; labor was far from the minds of the businesses and the government. In comparison to ISO 14001, there is less agreement and consensus among stakeholders and among labor NGOs and unions about the benefits of ISO 26000. The labor issues differ in two ways from ISO 14001 programs. First, from the position of government and Chaebols, labor issues offer smaller incentives comparing to the positive appeal of ISO 14001 in their international branding and visibility. Therefore, they have low legitimacy and international recognition and bring private benefits to the government and corporate level. Furthermore, the private labor standard approach ties in with national business and society relationships



and public policies that fail to link with social challenges such as irregular workers and gender discrimination in the workplace.

Secondly, ISO 26000 will fit in a fairly random manner into political problems when the conditions and opportunities are favorable for governing parties. Because the stream of labor problems can be unpredictable, various advocates will push their solutions in a rapidly moving political governance process under neo-liberal labor restructuring, often including policy-makers with very short-term perspectives of labor policy under the neo-liberal market. Consequently, the private labor regime is of a much more fluid system, and tends to view the development of ISO 26000 standards as unstable because preferences are unclear for actors who operate under conditions of uncertainty and who normally lack time to conduct comprehensive information under ISO 26000. In this circumstance, the benefits of ISO 26000 as an alternative labor policy instruments lies in their potential to serve multiple interests. However, the interview data indicate that ISO 26000 standards without sanctions and independent oversight are not effective in promoting improved labor conditions in Korea. For example, the expectation of Chaebols and government appears to be met through cheaper and more flexible labor management system, whereas those of advocacy NGOs and labor unions are not. In this context, ISO 26000's labor element in Korea serves as a clear counterexample to the value regime of ISO 14001. The private labor governance has had less influence on maintaining hegemonic stability among the state and business. In the development-led economy, the value of labor was always ignored by the government's pro-economic-growth policy, and was not considered a crisis of governance. This tendency has worsened under the neo-liberal reform by focusing on short-term economic growth. Thus, the government did not realize that serious labor issues were

a new threat to hegemony. The evidence of the labor issue offers a different cautionary tale. Similarly, Chaebols are only concerned with financial interests or the material basis, and the problem of the labor means that ISO 26000 is not seriously considered for the competitiveness of the future beyond present profits or threats to hegemony. Thirdly, this is also related to the social threats and pressures presented in the environmental sector, threats to citizens by the crisis of environmental destruction, and the widespread social movements that have strengthened the CSR in companies. Corporations responded positively, whereas the labor field is underdeveloped. The relatively low level of socialization of Chaebols in the labor field is due to the fact that the labor movement failed to provide common norms to Chaebols. This can be understood based on the historical development process of chaebols that has long been dependent on the legal system instead of a voluntary approach (Lee et al., 2006).

In sum, the discourse of the ISO standards prioritizes the economic dimension above all other dimensions of sustainability. The private environmental governance, as a more systematic, national government-centered and business-oriented approach, prevails, while labor has more extensive and polarized multiple stakeholders. While adopting ISO 14001 has been defined in relation to international environmental issues and contribution toward national public policy, ISO 26000 has less relation to local labor issues such as gender inequality and irregular employment. As ISO 14001 interacts and co-evolves with economic, policy and social aspects of environmental systems to constitute ‘value regimes,’ a concept developed to characterize the material system in which economic values and environmental policy visions are jointly stabilized. The government should assist

companies to adopt global labor standards by providing funding and resources but it should be linked to sustainable management.

### 6.3. Normative Perspective

This section identifies the political and ideological nature of the relationship between the government and other actors, and how their strategies are used in maintaining the hegemony status. Despite the conventional claim that NGOs and corporations are motivated to become involved in private governance, and liberal democracies are more likely to permit such involvement in the Western context, Korea's case is different from cultural and political perspectives. South Korea's economic plan has historically been based on a strategic model of state-led industrialization. (Watson, 2012). Under this circumstance, the previous section suggested that the ISO standards do not replace government regulation. Rather, the ISO standards are being used to plug the gaps in national environment and labor policy systems, or to respond to new, high profile problems such as environmental issues or irregular workers and discrimination. With a shift from government to governance, the government utilizes different tactics, strategies and models within the same national political and historical boundaries. The authoritarian route to ISO participation requires a government with a policy commitment to environmental management mitigation and one that has substantial capacity to influence non-state actors such as NGOs and Chaebols. Furthermore, the neo-Gramscian perspective on Korea's private environmental and labor governance investigate the exercise of state power in regulating and accommodating hegemonic alliance building in the development of private

environment and labor governance, with a particular focus on the counter-hegemony discourse of civil society and labor unions.

Within this attempt, ISO 14001, in short, can be seen as an extension of the dominant development-led state discourse and a new way to preserve the government hegemony. Thus, private environmental governance serves as yet another mechanism to maintain the economic hegemony that attempts to legitimize the Chaebols' capitalist economic order. As South Korea became vulnerable and sensitive to present and future energy and economic stagnation in the 1990s (Park, 2013), ISO 14001 has indicated a transformative shift in national economic growth strategy. With the rapid rise and popularity of green economy and green growth among international organizations, the government embraced ISO 14001 as the new economic paradigm, in which material wealth and well-being is not pursued at the expense of environmental concerns, but better balances growth with environmental and social sustainability. Although the environment regime has gradually transformed itself from a development-led economy to a market economy, ISO 14001 did not replace highly prescriptive planning. Instead, as the discourse of private governance is deeply embedded in neoliberal capitalism and stabilizes the counter-hegemonic challenges to neoliberal capitalism, such as arguments about limits to economic growth, the government and Chaebols require the more capitalist accumulation and continued economic growth through engaging the ISO 14001 standard.

In addition, most of the Chaebols have close political ties with the government. Even if the private governance diffuses power to corporations (Cutler, 2006), the Chaebol functioned as a processing actor fulfilling the government's guidance. Taking ISO 14001

as an example, corporations focus on maximizing profits by complying the government's environmental goal while maintaining sustainable development. Thus, the neo-liberal concept of private standards is used as the dominant discourse of sustainable development, which emerged in the early 1990s in Korea, and was part of maintaining capitalist hegemony by counteracting environmental demands for limits to growth. The voluntary ISO 14001 standard provides the new norms for achieving sustainable development in Korea. The Korean government possesses substantial levers to influence the non-state actors engaged in the ISO standards that most Western democracies could not deploy, even if they were motivated to do so. For example, many NGOs in Korea are not politically and financially independent from the government and Chaebols. NGOs depend on the national government or Chaebols for their budgets and their ability to operate within a constrained political space. Due to the lack of a civil society tradition in Korea, the environment and labor issue were always neglected in Korea's logic of political rule and economic activities. Under today's authoritarian governance regime in Korea, NGOs cannot simply be understood as a democratic force of ideological struggle or a powerful actor in governance in the Western context; instead they usually represent a structured network of NGOs in Korea governance, which accepts the core values of the government, securing a non-oppositional stance to the government and chaebols. The empirical findings in this research identified that the NGOs in Korea have been independent from the government but are still confronted by restrictions to their desire to be a powerful force in securing hegemonic stability and a balancing power between the state and Chaebols, due to the strict government supervision of their activism and their lack of financial resources. In ISO 14001, NGOs play a visible role in facilitating environmental monitoring work and

mediating environmental disputes, but their potential to be a forceful actor in securing hegemonic stability has been greatly restricted by the lack of funding.

Traditionally, Chaebols and the government have always maintained a hostile position towards NGOs. Although moving toward a neo-liberal market in the case of ISO 14001, the state achieved hegemony by way of highly prescriptive commands. Without environmental awareness on the part of the state, the private environmental governance emphasizes economic growth under sustainable development. The unique historical and politico-economic trajectories continue to favor big government. The neo-liberal discourse of private environment governance is used as an extension of the development-led policy, which is concerned with economic growth above all else. Under this circumstance, Korea has an authoritarian style of embracing policies to push participation in ISO 14001 by non-state actors, and corporations become a means of promoting and implementing policies at the national level. Chaebols are geared to protect and maintain capitalist hegemony and the dominance of developmental state thinking rather than ecological sustainability. In the case of ISO 14001, under government guidance, the chaebols and green NGOs have begun to play visible roles in hegemonic coalitions with the government.

According to the Wright et al., (2013), achieving the hegemonic status of value regime requires not only support from dominant actors but also to become embedded in the institutions of civil society, and the culture and practices of everyday life. Similarly, the private environmental standard of ISO succeeds to mobilize the support and consensus of environmental NGOs. This popular appeal in conjunction with economic stagnation and

the weak political organization of the environmental sector allows the government to undermine the environmental dimension of value regime.

In comparison to ISO 14001, the private labor governance as a complex system represents a broad range of economic, political and social structures and requires various stakeholders involving government, chaebols, NGOs and labor unions. With emphasis on neo-liberal labor policy since 1997, the government and chaebols maintain the hegemonic status of the core values of labor issues. ISO 26000 standards provided the platform to encompass a diversity of actors who were both directly and indirectly affected by what were regarded as problematic practices of the developmental state-chaebol complex, which were justified by an elite-led discourse defining national interests. In order to maintain the power in private labor governance, the government implemented an extremely tight ideology. While the modern Korean labor movement itself emerged in the 1970s in the context of sweatshop working conditions and a fierce repression of independent unionism, the contemporary crisis has been the result of a political process in which elites adopted a hegemonic strategy of formal democratization as a means of preventing more radical social change (Gray, 2008). In this context, central to this crisis of labor is a form of hegemonic ideology that underlies Korea's undergoing both democratization and neoliberal restructuring. However, the labor unions' peripheral status shows that there has been no genuine progress, and they are not still seen as a threat. There has been more continuity between neoliberal private governance and an authoritarian labor regime. Furthermore, the counter-movement against the liberalization of labor unions and every other aspect of worker life is not gaining momentum in Korean society as a new space for political and ideological struggles over the chaebols' capitalist and developmental government's

hegemony. Although labor unions and NGOs attempt to engage with ISO 26000 to pressure the government and chaebols, as shown in section 5.3.2, they have failed to make any progress due to the lack of resources and long-term strategy. These counter-hegemonic struggles represent small openings for political spaces of resistance but are not yet a coherent force to bring politics back into the control of civil societies and away from economic agents, such as chaebols and the government (right wing), that reinforce ‘neoliberal labor market fundamentalism’ in Korean society. Given the strong relationship between chaebols and political parties (right wing), it is extremely unlikely that marginalized labor unions or NGOs can increase the counter-hegemony over the past decade, or will result in meaningful changes to the protection of labor rights. It is highly possible that ISO 26000 norms will complement existing top-down labor relations and stabilize the conflict in the broader economy and society. Furthermore, it has the potential to encourage the fragmented parties of labor unions, NGOs and chaebols to recover from short-term traps and restore social accountability. However, the fact is that NGOs and labor unions still have very limited power to behave as equal partners with the Korean government and chaebols, which dominate labor governance regime. Whether the neo-liberal concept of private labor standards continues or the historic bloc of chaebol hegemony can be disassembled depends to a large degree on how these counter-hegemonic struggles develop in the near future (Wanner, 2015).

In sum, the Korean government has been reconfigured according to the needs and circumstances of international environmental and labor demands. The government remains the hegemonic body that implements ISO 14001 policies in accordance with its own preferences for increasing national competitiveness by negotiating with NGOs and



chaebols over the shape and content of environmental policy. In theory, the neo-liberal concept of private environmental governance should be a democratizing force that severs collusive economic relations, such as those between the state and chaebol enterprises, and decentralizes economic and political power. In the practice of ISOs, however, neoliberalism has given state a new justification for their continued domination of political and economic influence. The major feature of the hegemonic relationship between government and chaebols under the ISO standards is that chaebols strictly follow the government's guidance and fully comply with the government's instructions as to how to carry out ISO-related activities. For example, on ISO 14001, chaebols followed government direction, whereas on ISO 26000, chaebols implement the CSR activities, through the donation form, to fulfill the government's labor policy. The state allies with chaebols for market based regulatory reforms aimed at implementing national environmental and labor policies, but the close tie between these traditional developmental partners has continued. Furthermore, the state created a strategic collaboration with chaebols in ISO 26000, but mainly through the CSR donation form to solve labor and social issues. In this context, ISOs enhanced the power of the state, rather than reducing the influence of state in political economic life.

#### 6.4. Governance in Korea

Instead of jumping to the somewhat simplistic and dichotomized conclusion that governance is weak and government remains relatively strong, the governance perspective in this section provides an interpretative and dynamic understanding of the exercise of state

power to regulate and coordinate the hegemonic coalitions between the state, business and civil society in Korea's unique environment, and the movement of labor governance regimes from a development-led economy (government) to a market economy (governance). This section consists of research from two case studies representing different steering modes of collaboration between government authority and systems of voluntary standards. While there was a shift from government to governance across sectors, the overall pattern is much more highly differentiated, and could be placed somewhere along the continuum of governance and government. Based on a cross-sector analysis of the ISO standards in the environment and labor, I find that cohesiveness and fragmentation of ISO initiatives are inherent parts of Korea's regulatory regimes. Since the 1990s, with the shift of power from government to governance, the hegemonic struggles between the state, Chaebols, and civil society have been crucial elements in constituting a combination of political, economic and social structures. Thus, by integrating government dynamics and power relations into the field level of governance politics, the neo-Gramscian approach provides a collective perspective on the different dynamics of the contemporary political struggle of a variety of actors.

In the case of ISO 14001, several factors contributed to the cohesiveness and top-down approach of governance mechanisms in the environment sector. Among other things, the government provides formal authority to the agency tasked with designing and implementing the ISO standards, and establishes the rules governing its operation. Furthermore, ISO 14001, while formally remaining voluntary, requires government agencies to take serious action, such as creating an accreditation system and certification body. In this case, there is a more cooperative pattern of interaction between state and non-

state actors. The relationship between state and non-state actors is arranged in various ways: business association participate in policy-making and implementation; auditing mechanisms are delegated to private consulting firms. Under this circumstance, the state achieves its hegemony by way of highly prescriptive commands and all Chaebols function as processing actors to fulfil government orders. Despite the increasing popularity of network and horizontal modes of private environment governance, this empirical research reveals that the state's authoritarian involvement is still the most widely used in shaping the private environmental regime. Although the governance mechanism of ISO 14001 does not exclude the involvement of non-state actors, the overall responsibility for the provision of ISO 14001 lies with the state's power to determine the content of private environment governance and the institutional form for providing them. In other words, there has been no wide-ranging, inclusive switch to governance or long-term process of deregulation at the national level.

In contrast to ISO 14001, the empirical findings of ISO 26000 in the analytical chapters identified changes in the discourse of private labor governance, shifting from highly prescriptive planning to democratization and a liberal concept of governance that marks government's support of neo-liberal labor markets after the IMF financial crisis in 1997. As ISO 26000 has a transparent and participatory governance process that places priority on the equitable representation of diverse actors' interests, the inclusion of labor unions and NGOs alters their status as outsiders to the established political actors and recognizes them as a pillar of society. The labor unions recognized the value of being seen as a constructive participant in policymaking. Furthermore, pro CSR NGOs and labor unions (FKTU) responded positively to this message by actively participating in ISO 26000.

As illustrated, the MOCIE brokered some agreements between the state, labor unions and NGOs under the participatory government, the Roh Moo-Hyun administration (2003-2007). ISO 26000 gave labor unions an opportunity to provide input to the making of public policy, but in practice, the agenda for labor policy reflected the priorities of the government (layoffs) and allowed the government to polish its image as a responsible and essential agent for private governance. The state benefited from the labor unions' and NGOs' involvement with ISO 26000, in that the inclusion of labor endowed the private governance with democratic legitimacy. In this way, by bringing the labor unions into the governing alliance, the state could tap a new political resource, improve its position via the powerful chaebols, and portray itself as established with democratic legitimacy.

Although the Korean NGOs and labor unions challenged aspects of the neoliberal reform and deregulation of the labor market by engaging with ISO 26000, the capacity of civil society to oppose to this has been limited. Despite its potential to democratize relations between the state, Chaebols and society, ISO 26000 has not significantly reformed the developmental state legacy in Korea. Thus, it did not serve as a vehicle for substantial input by labor unions to the creation of labor policy. The strategic use of voluntary ISO 26000 allowed the state to gain the support of NGOs and partial labor unions without compromising the labor policy agenda. In the case of ISO 26000, while it seems that state and non-state actors contribute to governance equally, it is important to emphasize that the overall responsibility for providing labor policy still lies with the state. NGOs and labor unions strongly believe that the state plays a central and active role and disposes of powers and resources that are not available to societal actors. Although government is able to

provide important incentives such as financial support or delegated power to agencies, instead, the government refrains from direct state intervention in the ISO 26000.

In the absence of government's leadership, NGOs partially check the power of the Chaebols by publishing the ranking of CSR reports through neoliberal measures. Currently, the CSR/ ISO 26000 report is audited by different private sectors and limited to PR purposes. As a result, it is necessary to build a comprehensive social governance system for CSR/ISO 26000 certification which is recognized by labor unions and society at the national level. The government needs to strengthen the units that are responsible for CSR within government departments. In particular, although the government issued guidelines for sustainability management at the end of 2006, it should not be expected that companies will voluntarily comply with them without enforcement measures, considering the historical business culture between chaebols and government. (Lee et al., 2006). Overall, this section shows that the pattern of the ISO standards' governance is strongly differentiated by the government's involvement in two sectors. The case of ISO 14001 shows a relatively strong common interest in the provision of the agreement on the environmental regulatory solution. Under this situation, the non-state actors found it comparatively easy to cooperate with the government, which led to the cohesiveness of governance. By contrast, while there were democratic representatives and inclusiveness in the case of ISO 26000, it was more difficult to achieve agreement between states or collective action between labor unions and NGOs.

The total number of ISO standards used in Korea have grown in some cases spectacular, and the adoption of ISO 14001 has been stunningly fast, with environmental

incentive policies and subsidies proving especially popular. However, ISO 26000, which was only recently introduced, in 2005, is being adopted much less quickly or barely at all. By looking at the way in which policy instruments are actually being used in context, I found how the patterns of change and interaction between instrument types and different forms of societal steering play out in practice. As interventionist economic bureaucracy remains intact behind the neoliberal idea, in the case of ISO 14001 and ISO 26000, the neo-liberal concept of governance has not fundamentally transformed the development state. Paradoxically, while the government's role has been changed from regulator to supervisor, these developments have contributed to strengthening the hierarchical position of the state, rather than weakening it.

## 6.5. Conclusion

This chapter is to explain the role of government by focusing on the influence of the public regulator on ISOs participation. With a transition from a planned economy of government to a market economy of governance, the private governance regime in Korea evolved from a developmental-led state to the current complex political economic system. This transition led to changes in the field of environment from regulator to government supervision. Giving consideration to the specific political economic legacy and particular historical trajectories, changing in hegemonic struggles among actors over the environmental and labor domain, this study links them to the theoretical framework of this research and illustrates this empirical study on the changing discourses of neo-Gramscian studies in a non-western context. While Levy and Newell's analysis of corporations and NGOs

produces a hegemonic struggle over complex political economic systems in environmental governance (Levy & Newell, 2005), the government nevertheless achieved its hegemony over business and civil society on the basis of developmental led regime. The mutual dependencies and exploitive relationship between the government and Chaebols to cope with specific environmental and labor issues are apparent in the implementation of the ISO standards.

The analysis illustrated that the neoliberal underpinnings of private governance provide a powerful set of ideologies about the developmental state that the Korean state can selectively choose to implement from ISO, or choose not to. Neo-liberal private governance provided some justification for the state to retain and use extensive power resources to maintain the hegemonic power, thereby highlighting the fact that the remnants of the developmental state exist despite three decades of economic and political transformation. Based on the empirical findings, it can be concluded that the government retains the hegemonic status by being highly prescriptive, although the Korea's political and economic regime has transformed itself from a developmental state to a neo-liberal market concept of governance, which should minimize the role of the government. The Korean experience illustrates that neo-liberalism does not necessarily weaken the state; instead, in some circumstances neo-liberal private governance regime allows states to reinforce and even strengthen their authority in economic and political affairs. Furthermore, there is no single dominant trajectory in the evolution of private governance in different sectors; rather, governance regimes are shaped by a complex interplay of varying factors. Thus, I argue that all three perspectives on value regime - economic, normative and governance - are relevant to understanding the dynamics surrounding private governance.

The economic perspective illustrates that government are choosing to use, support and facilitate the development and implementation of voluntary ISO standards to deliver sustainable public policy outcomes in different ways. The motivations of government vary in relation to the particular, inherent regulatory circumstances of each case, for example, as regards their established decision-making and operational practices or even their degree of awareness of the possible uses of voluntary ISO standards. At the initial stages of Korea's ISO standards, the government still matters significantly in dealing with all kinds of environmental and labor issues, for example, providing incentives and legal infrastructure and supporting corporate performance. Corporations have begun to place more focus on their environmental performance, to satisfy the government's requirements, meet national standards, and increase green competitiveness in the global market, while NGOs have increasingly played the roles of environmental monitor, rather than taking direct action to fight against corporate and government.

Normative analysis was conducted to interpret how the different cultural and political elements hang together to construct the entire hegemonic discourse of private environmental and labor regimes. It is this combination of coercion and consent exercised by government and business which has led to the formulation of alternative strategies of environment and labor governance.

Finally, a governance analysis was carried out to explain the hegemonic struggles in alliance building and accommodation between state and non-state actors in the development of Korean private governance. At the same time, the state prevented the efforts of civil society to oppose the implementation of neo-liberal labor reform.



Consequently, it is more likely that labor issues can be ignored or diminished, compared to environmental issues. The government should establish related indicators. Similar to the environmental sector, labor and Chaebols should seek a role through the transformation of ideas. Through active dialogue and cooperation between corporations and civil movements, ISO 26000 can play a positive role in corporate management and long-term development, rather than as a threat to corporations. It will be possible to respond effectively to international norms by having an open attitude to prepare CSR reports jointly between labor and management and to jointly address related issues.

## CHAPTER 7: GENDER

### 7.1. Introduction

In comparison with environmental issues (Babiak & Trendafilova 2011; Lyon & Maxwell 2008) and labor issues (Bartley, 2005; Locke & Romis, 2010), gender equality is a more recent subject in the private governance literature. Compare to the labor dimension in ISO 26000, the gender part of ISO 26000 standard is arguably lax and marginalized. As scholars have argued, the concept of CSR and private standards should be gender sensitive (Barrientos et al., 1999; Juanita Elias & Stevenson, 2009; Fuchs & Kalfagianni, 2010; R Pearson & Seyfang, 2001). Consequently, gender issues are inadequately addressed by the labor standards. This is a serious shortcoming as private labor standards have a much larger effect on male workers in relation to those available to the female labor force. As Elias and Stevenson (2009) point out the private standard is bringing more benefits to full time employment where mainly males dominate by undermining the feminized employment in informal and domestic sectors. Consequently, Elias and Stevenson (2009) criticize private labor standards for privileging a small part of employment which is compatible with neoliberal values.

Under this circumstance, the question arises whether the liberal concept of private regulation makes an improvement for female labor workers by penetrating patriarchal and

neo-liberal labor reform policy which Korean women are vulnerable to hiring discrimination, and career promotion. National and global policy response is particularly slow to the new insecurities related to the process of liberal labor reform which requires the urgent attention. This chapter examines how ISO26000 as an international social and labor standard, failed to address the insecurities of female workers in marginalized form of employment such as irregular position and gender discrimination in the Korean economy. These irregular types of works are deeply embedded in gendered and neoliberal structures of the global political economy. Since the Asian Financial Crisis in 1997, the Korean government liberalized the labor market which affected people's jobs, incomes and health. The financial crisis destabilized the lives of millions and 13 million people lost their jobs (Seo, 2014). Consequently, economic difficulties exacerbated social tensions between rich and poor and there was a rise in suicides. Given economic difficulties, women and men face different types of insecurity due to their power difference. Particularly, women are more vulnerable and exposed to these sudden economic recessions. Korean women moved to precarious and irregular position with low pay, unsafe working conditions, and little respect for labor union rights of workers. According to the OCED economic survey of Korea published in 2015, Korea has the highest rate of irregular employment growth among all OECD countries (OECD, 2016).

This chapter complements the comparative analysis undertaken in the previous chapter by exploring the CSR reports. This section examines gendered working practices within Chaebols in South Korea, where women remain significantly under-represented, a situation that has worsened in recent years. Chaebols in South Korea exhibit a highly masculine working environment where women and marginalized men experience

difficulties participating fully in the labor market. For example, despite the remarkable economic growth in South Korea over the past three decades, the Global Gender Gap Report by the World Economic Forum (WEF) ranked South Korea 117<sup>th</sup> among 142 countries regarding gender equality in 2015 (“The Global Gender Gap Index,” n.d.). South Korea’s fair practice of employment is the one of the strict regulation in South Korea. However, gender inequality at work is the highest. Gender inequality has been imbedded into Korean culture. Thus, just because there is law, that does not mean that gender equality will improve. Surprisingly, most of the literature on gender inequality from an economic perspective emphasizes the Korean government’s responsibility rather than that of the corporations (Kim 1994; Won & Pascall 2004; Sung 2003), although Korean corporations play a significant role in shaping labor market patterns through wages and employment. Clearly, attention to local corporate power and gender dynamics is also crucial.

This chapter seeks to complement the previous chapters of 4 and 5 by proposing an alternative perspective that draws on a gendered approach to understanding the construction of global private governance with a focus on men and masculinities in South Korea context. Focusing on the discursive construction of gender identity, I analyze how CSR reports portray the gendered identities in ways that may influence gender inequality by examining how the texts reflect the women and marginalized male workers inferior position in the workplace. Using the lens of hegemonic masculinity, this chapter examines how particular forms of masculinity are sustained, reproduced and privileged in the South Korea workplace and why management practices remain strangely under-researched given their notorious gender inequality status and position. In the context of this chapter, the concept of hegemony masculinity offers a useful framework for understanding power

relations in the corporation. I focus principally on the visibility of gender within texts of CSR reports which provide insights into the construction and reproduction of masculinity and power hierarchy. I also focus on silences in these reports.

To make such an assessment, I review fifteen local MNE's CSR reports as a primary data source to examine South Korean corporate policies and performance on gender equality issues in the work place. Although CSR reports are said to be marketing tools that allow an organization to construct a desired image (Laufer, 2003; Lyon & Maxwell, 2008), they also act as a tool for communication. CSR reports provided a useful tool for examining the gender relationship in South Korea workplace (Singh & Point 2006). In the absence of regulation of CSR reporting on employment in South Korea, I believe that the voluntary nature of CSR reports also offers not only insights into the position of women and marginalized men in the South Korea workplace but also insights into how corporations can choose (or not) to deal with gender inequality.

In next section, I begin by providing some of the background and context of the gendered dimensions of irregular employment in South Korea which has negative consequences and originated by structural employment discrimination. With financial crisis year of 1997 as a turning point, I separately analyze private governance from the gender perspective pre-crisis and post-crisis. I conclude by discussing and outlining the importance of the private governance. Drawing attention to visibility and silence of gender issues in CSR reports, the final section analyses the evidence and concludes with a discussion of the implications.

## 7.2. Korean Context:

### 7.2.1. During the developmental state regime period (1960-1980s): Pre-crisis

From the beginning of the 1960s until the 1997 economic crisis, Korea enjoyed the annual rate of growth of real GDP of about 8 percent a year. In the early years, the government's policy on light industries such as textile required the young female labor from rural areas to enhance the productivity. As industrial expanded into other industrial sectors and services, it drew increasing numbers of unskilled married women (Cho, Zammit, Chung, & Kang, 2004). Consequently, table 9 provides that Korean women became active economically.

Table 9: Sectoral Composition of the female labor force, 1970-1997

Sector	1970	1980	1997
Agriculture, Forestry and Fishing	57.3	20.3	13.2
Mining	0.3	0.1	2.3
Manufacturing	11.8	28.1	18.3
Services*	30.6	51.5	68.2
Total	100	100	100
*Indirect social capital and other services. Source: Korean National Statistical Office Database < <a href="http://www.nso.go.kr">http://www.nso.go.kr</a> >			

Source: (Cho et al., 2004)

By adopting the Japanese style corporate welfare system during early period of industrialization in the 1960s, corporations made a significant contribution throughout the period, particular for workers in the Chaebol. During the 1980s, Chaebol supplemented wages with retirement allowances, bonuses, housing loans, partial support for private

insurance and organizing credit unions and special savings scheme for low incomes workers, offering wedding expenses and scholarships for education.

However, despite a changing industrial landscape resulting from the government's promoting of heavy industry and petrochemicals, women were still employed in light industry. Table 10 provide an initial indication of the differential impact of the 1997 economic crisis on female and male workers. men continuously had regular jobs, while women had high proportion of employees on temporary contracts and daily contract. In sum, despite the fact that female labor has been continuously involved labor market almost last four decades, the gender inequality is still far off. The Korean men enjoyed the life time job security until the late 1980s under the government' employment policies. Considerable investment went into education, housing and health that in addition to generating a healthy, increasingly skilled and productive population needed by a growth oriented development strategy.

Table 10: Composition of the female and male employed labor force by type of contract, 1990-99 (%)

	1990		1997		1999	
	Female	Male	Female	Male	Female	Male
Regular	37.5	64.5	38	64.5	30.4	60
Temporary	39.6	22.4	45.2	22.8	45.6	25.4
Daily	22.8	13.1	16.8	12.7	23.9	14.6
Total	100	100	100	100	100	100
Source: Table constructed from data from the Korean National Statistical Office Data Base; <a href="http://www.nso.go.kr">www.nso.go.kr</a>						

### 7.2.2. After the financial crisis

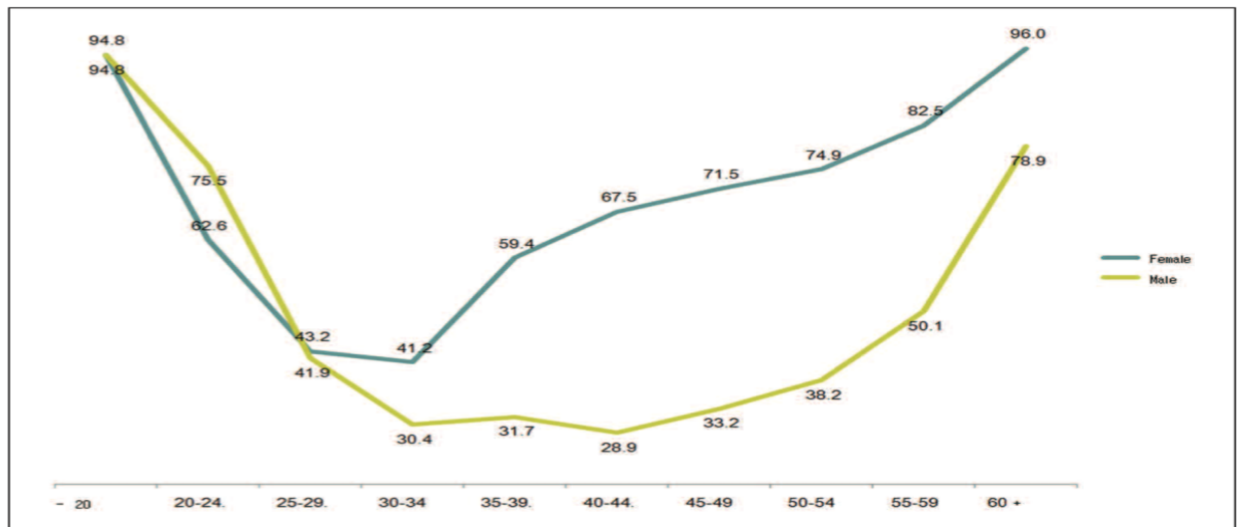
Due to the bankruptcy of corporation and Asian financial crisis in 1997, Korean government liberalized the labor market which destabilized the lives of millions and 13 million people lost their jobs. The flexible employment changed the culture of lifetime employment in South Korea. The drastic increase of irregular workers has been a significant change in the labor market in South Korea. For example, the absolute number of the irregular worker increased from 3.8 million in 2002 to about 6 million in 2011 (Shin, 2012). However, these irregular types of work are deeply embedded in gendered and neoliberal structures of the global political economy. The gender bias exacerbates the women's inferior position in the labor market. Consequently, Korean women are more exposed to these sudden economic recessions. Due to the patriarchy culture, the female workers were vulnerable and easy to be fired whereas the male workers were strongly supported by employers. Consequently, the fired female workers have to move to irregular positions (Shin & Kong, 2014).

Although the irregular job existed as a predominately female manufacturing workforce in the garment industry the late 1980s and early 1990s, the irregular employment emerged as a social problem after the financial crisis in 1998. The practice of irregular jobs gradually considered as an unjust and discriminatory form of employment practice in South Korea. As stated in the chapter on ISO 26000, irregular workers are facing numerous barriers. However, women and men face different types of insecurities due to the different power relations in society. The feminization of these irregular jobs has been directly related to a process of degradation of the jobs. Women's irregular jobs are not only characterized



by low wages, insecure employment contracts and few opportunities for career advancement. Pervasive gender discrimination in employment practices provides an easy avenue for exploiting low paid and feminized job in the aftermath of the 1998 Asian financial crisis.

Figure 3: Proportion of nonregular workers by age and gender (%)



(Source: Kim, 2010)

As Figure 3 indicates, the proportion of non-regular workers among women aged 30 or older is almost twice that of men. The largest gender gap in non-regular workers can be found in the age group in their 40s: 28.9% of men in that age group were non-regular workers in 2010, compared to 67.5% of women (Shin, 2012).

### 7.3. Analyzing CSR Discourses; A Masculine Discourse Analysis

This section explores the discursive processes inherent in the CSR reporting frame in order to evaluate the masculine tone of gender relations in the corporate CSR documents. In order to deepen our understanding of these narratives, I retrieved the original text segments, coded by categorical frameworks and revisited the data to examine critically the interpretation of narrative structures in CSR documents.

Table 11.: WEP 1 – Leadership Promotes Gender Equality

GRI Performance Indicators	N	%
G4-38 a. Report the composition of the highest governance body and its committees by: executive or non-executive, independence, tenure on the governance body, number of each individual's other significant positions and commitments and the nature of the commitments, and gender.	11 (3) not by gender	73
G4-40 a. Report the nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members, including the following: whether and how diversity is considered; whether and how expertise and experience related to economic, environmental and social topics are considered; and whether and how stakeholders are involved.	7 not by gender	46

*Gender Diversity Statement:* South Korea's low birth rate and declining workforce have framed the severe gender imbalance in the workplace as a national economic and sustainability crisis. The country's first female leader, President Park Geun Hye, has

consequently attempted to address this issue by creating 1.65 million new jobs for women by February 2018 (S. Kim & Seo, 2014). The government recognizes that bringing more women into the workforce is critical to the well-being of the national economy. As Park Geun-Hye (2012, cited in Woo 2013) notes, “More participation of women in the economy is core engine for the nation’s growth and a work-life balance is no longer just a women’s issue but the country’s.”

According to the analysis, to respond to the government and public pressure, all of the corporations I examined considered gender inequality a social issue. The companies attempted to include and show awareness of gender diversity in their CSR statements. All the companies have clear and explicit policy statements, of which the following is fairly typical:

“XXX also respects employee diversity and places a priority on protecting the rights of our employees and prohibiting discrimination by race, age, gender, sexual orientation, ethnicity, disabilities, pregnancy, religion, political inclinations, union membership, nationality or marital status. (Corporation 1 CSR report 2015)”

The following corporate statement also shows the efforts to provide equal opportunity for both sexes:

“XX Motors takes a mixed approach of creating more jobs while preparing for future labor shortages at the same time. We offer a great workplace with an open corporate culture that does not discriminate based on gender or nationality, and guarantees equal opportunities and fair compensation. (Corporation 6 CSR report 2015).”

These gender-related policies are well written, reflecting the corporate vision, effectively communicated through CSR reports and websites. However, these reports do not necessarily translate into practice or become embedded within company cultures; there is a big difference between descriptive policies and realities in the workplace. Although corporate CSR reports encourage positive societal views of particular companies, they also reveal the inferior position of women in the workforce and their need for special assistance. The marginal number of females in management in CSR reports confirms that males dominate the managerial and leadership positions, whereas women dominate the lower level positions. For example, two disclosures (G4-38a and G4-40a) reveal the gender composition of the highest governance body and commitment on leadership on gender diversity. Although two companies report on the members of the board by gender (G4-38a), only company 11 has three female representatives at board member level. Regarding the disclosure of G4-LA1 and G4-LA12, the companies disclose the numbers of workforce by gender. However, the highest of proportion of women laborers is only sixteen percent. The prevalence of female employment in entry level positions is noticeable. In other words, the CSR reports reveal that gender discrimination in these workplaces prevails, limiting opportunities for women and contributing to gender inequality in both employment and society. Despite the companies' pledges to promote gender equality as part of their social responsibility, the CSR reports lend support to Banerjee's (2008) argument that corporate statements provide opportunities for corporations to legitimize gender practices of inequality rather than the promised gender equality. Paradoxically, despite corporations' efforts on gender equality, company reporting has failed to present the performance or impact of their commitment to gender equality. Instead, the CSR reports reveal that female

labor has been exploited and marginalized. Consequently, although the South Korean *chaebol* CSR reports have been described as using gender-neutral objective language, gender aspects in CSR are far from neutral, and gender equality remains elusive.

Table 12: WEP 2 – Equal Opportunity, Inclusion & Nondiscrimination

GRI Performance Indicators	N	%
G4-LA1 Total number and rate of new employee hires and employee turnover by age group, gender, and region.	13	86
G4-LA12. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	12	80
G4-LA13 Ratio of basic salary and remuneration of women to men by employee category by significant locations of operations.	2 (but without disclosure by gender)	13
G4-EC5 Ratios of standard entry-level wage by gender to local minimum wage at significant locations of operations.	0	0
G4-LA3 Return to work and retention rates after parental leave by gender.	11	73

*Work and Life Balance:* In general, the context framing women in CSR reports focuses on work and life balance disclosure (G4-LA3), which reveals gendered stereotypes and divisions of labor that continue to identify women/housewives as laborers whose primary motivation for working is presumed as inferior to that of men. The politics of CSR

reports thus implicitly use cultural codes to manipulate consciousness and opportunities for women in the workplace. This is particularly true for corporate discussions about childcare policy for employees. For example:

“To this end, we support our female employees to achieve work-life balance, and encourage them to benefit from our childcare leave program to avoid career disruption from childcare issues. As a result, a growing number of employees are taking advantage of the program, up 20 percent from the previous year, with 720 employees taking maternity or childcare leave in 2015. (Company 5 CSR report, 2015)”

“We build a working environment to alleviate the burden of pregnancy and childcare to help female employees concentrate on their work. We operate day care centers in xxx and xxx that can accommodate 480 children. They help alleviate a burden of childcare, expand female employment and contribute to increasing the birthrate. (Company 4 CSR report, 2015)”

These texts illustrate the corporations’ logic on gender, which assumes that women alone are responsible for childcare, reflecting the cultural codes in South Korea. The text, with its heavily patriarchal gender bias, echoes Connell’s (1993) argument that hegemonic masculinity in patriarchy provides a successful strategy for the subordination of women. In this context, CSR disclosures foster the dominant masculine culture of corporations in South Korea. Furthermore, most of the companies reported their maternity and paternity return rates when providing retention data (G4-LA3). Women employees take more than 80% of the leave opportunities, whereas male employees take less than 10%. Although the Korean Ministry of Employment and Labor has increased efforts to promote fathers’ use of child care leave and has developed a “father’s month” when fathers can opt to take leave for child care and receive 100% of their salary for the first month after the birth (Ministry of Employment and Labor 2014), few men accept this offer. According to OECD’s family

database in 2014, paid leave reserved for fathers in Korea was 53 weeks, the longest period of paid paternity leaves in OECD member states, compared with Japan (52 weeks), France (28 weeks), and the Netherlands (26.4 weeks) (Kim 2015). Despite the government's incentives and subsidies, however, only 4.45% of parents who took leave in 2014 were men (Kim 2015). Male employees do not take paternity leave because they are afraid of losing their jobs, suggesting a bias against men who take on feminine work such as child care (Kim and Kim 2016). This is not surprising, as Confucian culture regards the caring of children at home as a sign of either femininity or marginalized masculinity.

These figures on maternity leave and the text of corporate policies on child care systems not only reiterate the privileging of male employment but also reveal the failure of male-dominated corporations to recognize how a pervasive male bias can encourage and legitimate gender discriminatory structures and practices. As the gendered assumptions about the domestic and secondary role of women appear in all the CSR reports, these reports reaffirm gender inequality and maintain the secondary status of women in the South Korean corporate workplace. The text and figures on maternity leave explicitly represent men who take family responsibilities as abnormal and extraordinary, thus reinforcing established gender hierarchies. As Adams and Harte (2000: 61) note, "Accounting at best hides the extent of discrimination and at worst contributes to it." The CSR reports reveal the underlying ideology of gender relations and hierarchies by normalizing the inferior role of women and supporting a patriarchal society and workplace. Although South Korean corporations identify gender inequality as a problem that should be addressed through CSR, the texts reveal an alternative view in the corporate world. Women are visible in the CSR text, but this should not blind these corporations to the invisible forms of hegemony among

dominant groups of men that fundamentally challenge equal gender roles. These gender-sensitive CSR statements not only legitimize traditional gender roles but also reinforce the voices of the hegemonic men who support this cultural norm.

Table 13: WEP 3 – Health, Safety and Freedom from Violence

GRI Performance Indicators	N	%
G4-HR3: Total number of incidents of discrimination and corrective actions taken.	7 (not by gender)	46
G4-LA6: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities by region and by gender.	6 (not by gender)	40

Table 14: WEP 4 – Education and Training

GRI Performance Indicators	N	%
G4-LA9: Average hours of training per year per employee by gender and by employee category.	0	0
G4-LA11: Percentage of employees receiving regular performance and career development reviews by gender and employee category.	6 (not by gender)	40%

*Career promotion:* While corporations' attempts to legitimize promoting more women to higher managerial positions is an important first step, improving the position of women in management does not necessarily translate into policy initiatives on gender equality. Forty percent of reporting companies indicated they were actively promoting



career development programs specifically for women (G4-LA11). As one company reported,

“At the same time, we continue to raise the portion of the female workforce across all levels of the organization. In 2015, female employees made up only 2.8 percent, or 966 people, of our total domestic workforce, but that percentage has been steadily rising each year. (Company 6 CSR Reports, 2015)”

Although it is possible for corporations to enhance gender equality through CSR initiatives or the hiring of more women, Bexell (2012) argues that simply adding more women to existing structures is unlikely to challenge the fundamental gender inequality in masculine-dominated organizations. Likewise, I argue that this ‘solution’ to gender discrimination is often fairly superficial, tending to legitimate existing leadership while failing to account for deep flaws in corporate gender practices and structural gender discrimination. One of the consequences of the continued patriarchal bias in corporations is that women often need to go through a process of masculinization to be accepted as legitimate leaders. This process normally encourages people to conform to the idealistic and normative social behavior of corporate cultures. As a result, many women in corporate leadership positions believe that they must avoid marriage and child bearing to compete with male workers. This ‘solution’ to improving women’s participation in corporate leadership reinforces a social order in which men support men in a highly masculine corporate sector and ignore the discrimination against women aiming to move up the corporate ladder, despite public commitment to women’s advancement.

The findings from the CSR reports reinforce an ideology that places women in an inferior role in largely male-dominated workplaces. The corporations' business practices, which recognize and reward committed, hard-working employees who aggressively strive to advance their own and the company's goals, seem gender-neutral, even honorable, on the surface. However, a closer review reveals an implicit gender bias that reflects and maintains women's relative disadvantage in corporate South Korea. Therefore, it is not surprising that the discourse on CSR and gender not only reflects the experiences of men who produce the knowledge about CSR and gender but also reinforces both gender hierarchies that privilege masculinity over femininity and the existing societal bias on gender inequality.

Furthermore, the visibility of women in the CSR reports provides a crucial source of information about the gender dynamics in South Korean Chaebols. That is, Korean women become visible in CSR reports, while the invisibility (and normality) of male leadership remains the norm. As Simpson and Lewis (2005) explain, the increased visibility of women in management increases performance pressures, while women who desire invisibility are viewed as fearing success, adopting low-risk behavior, and avoiding conflict. This argument explains the current polarization of Korean career women between those who are unmarried, who focus on their career, and who often conform to masculine identity and those who quit work to devote themselves to motherhood. For example, workers in Korean corporations are expected to willingly accept unlimited overtime and to sacrifice their lives for the company (i.e., to adopt the masculine traits of the *salarymen*). Women who do not follow these practices are regarded as disloyal, ineffective workers. In contrast with women's visibility, men as the dominant group in Korean corporations are

invisible in CSR discourse. Korean men are regarded as the norm in corporations, and male privilege continues unnoticed, while marginalized women strive for visibility (Simpson and Lewis 2005). Korean men clearly benefit from the masculinity of the CSR discourse. This situation suggests that female laborers' inferior position reinforces the norm of masculine labor and confirms men's primary right to a career and to avoiding domestic labor. As a result, while CSR seems more egalitarian and progressive toward gender equality, the Confucian code remains predominant, reflecting the hegemony of gender inequality in Korean society and its corporate world.

#### 7.3.1. The Silence of Disclosure as a Form of Hegemonic Masculinity and the Marginalization of Masculinity and Femininity

Having discussed how Korean women's experiences at work have become more visible through CSR reports, in this section I address the silence and resistance of nondisclosure by investigating the relationship between women's and men's identities. By exploring what is omitted, neglected, disregarded, or avoided, I aim to break the silence and to develop new perspectives, understandings, and approaches that can more adequately analyze the discourse of CSR from a gender perspective. As mentioned previously, the gender pay gap and precarious employment are the main sources of gender inequality in Korean corporations. I now turn to an example in which I attempt to show the silence in the Chaebols in terms of the gender pay gap (LA13 and EC5) and irregular worker disclosure.

*Silence on Gender Pay Gap:* In their efforts to embrace CSR and respond to public pressure on gender inequality in South Korea, most of the corporations indicate their commitment to enforcing equal pay and promotion for both women and men. For example, Company 5's CSR report states the following:

“XXX practices no gender bias in the payment of basic salaries and maintains transparency in its performance reward system. We also operate transparent evaluation and performance-based reward systems to ensure fair evaluations and rational compensations. We motivate employees to improve their individual competencies by applying performance evaluation results to the salaries of employees above the manager level. The ‘Promotion Point’ system is focused not on seniority but on discovering talent with exceptional performance.”

Similarly, Company 13 CSR report also mentioned:

“Fair evaluation and compensation at xxx, any discrimination in wages, evaluation, and promotion based on gender is strictly prohibited. We evaluate and compensate employees' performance through a fair and objective system in order to increase job satisfaction and motivate our employees. In our evaluation system, we categorize employees based on their jobs and positions, and make sure that their performance is evaluated based on their roles and responsibilities in an objective manner.”

Contrary to their claims of promoting equal pay and performance, none of the companies identified disclosed the gender pay gap. The lack of disclosure on equal pay (see LA13 and EC5) is notable given that some of the company reports list salary by positions, not by gender. Regarding the ratio of basic salary and remuneration of women to men by employee category (LA 13) and the ratio of standard entry-level wage by gender to local minimum wage (G4-EC5), none of the corporate CSR reports disclose these inequalities.

Women are portrayed as having equal training and promotion opportunities. If this assertion is correct, however, why do women still earn less than men for similar work and face a stubborn glass ceiling? South Korea has the worst gender wage gap of the OECD countries. According to OECD (2016) reports, the wage women receive in Korea was 36.7% less than that received by men in 2014. Income inequality by gender is taken for granted, and very little is said to justify the high pay men receive. This absence of equal pay disclosure in the CSR reports is not surprising given the historical model of economic growth in South Korea, which is based on a pervasive gender wage gap. Historically, Korean women have been disadvantaged and socially marginalized in the workplace. After the Korean War in 1953, South Korea was a poor country, relying on exports of low salaried industries, such as clothing and textiles, as the primary source of export earnings (Kim & Voos, 2007). As a result, female employment in the manufacturing sector was concentrated in these export industries, which grew rapidly from 1972 to 1990 (Seguino, 1997, 2000). As a result of investments in education and the increasing opportunities for professional and managerial employment, the number of middle-class, educated women increased in the 1980s and 1990s. Despite women's individual efforts and access to higher levels of education, however, female employment rates still remain about the same as two decades ago. Kang and Rowley (2005) explain that educated female labor is not fully utilized and that the Korean labor market has failed to use these women to sustain strong economic growth in the long run. For example, only 79.4% of women with university degrees are employed, which is lower than New Zealand (89.3%) and Mexico (85%) (Kim, 2013). Of note, in the South Korean labor market, higher levels of education are negatively related to female workforce growth. As gender discourses shift over time, the

norms of hegemonic masculinity are also contested, due to the generational differences in gender attitudes and practices, as well as structural changes in society (Connell 2005; Connell and Wood 2005). In this context, although hegemonic masculinity has been challenged by the advancement in Korean women's education and salaries over time, in reality it has become more powerful because of its ability to adapt to and resist change. In this context, the silence on equal pay underscores how masculine discourse in *chaebols* protects male privilege and inhibits women's pursuit of increased salaries within a largely male-dominated workforce. Hegemonic masculinity does not require any special policies as it is often simply reproduced through daily activities (Connell 1995). The silence on gender pay gaps suggests that the norms of hegemonic masculinity are embedded in the studied *chaebols* and the related policies.

*Silence on Irregular (Part-Time) Workers:* Although an increasing number of irregular positions taken by women are regarded as one of the main reasons for the widening gender wage gap (Gress & Paek, 2014), we barely find any information on part-time employment in the CSR reports. According to the National Human Rights Commission of Korea, women make up 57.5% of the irregular workforce, whereas men comprise 37.2%. In addition, female part-time workers are paid only about 35.2% of the wage that full-time male workers are paid and 53.2% of the wage of full-time female workers (Seo, 2014). The silence on data by gender regarding part-time or contract positions also underscores masculine resistance to changes in gender hierarchies in the *chaebols*. As a result, maintaining full-time employment is regarded as essential for

buttressing masculine identities, whereas irregular employment positions for women are regarded as normal. This silence reveals a broad acceptance of the notion that male employees should be full-time employees while women should perform contract work and focus on household labor. Connell (1998) argues that women's issues are ignored to maintain the power of a dominant masculinity by denying the existence of viewpoints that could disrupt existing power relations. On this basis, I view the gender pay gap and the types of contracting employment, which are two major source of gender inequality in Korea, as contradictions or disruptions to the efforts to achieve greater gender equality.

Furthermore, while all men benefit from these discourses, they do not do so in the same way. As Connell (1998) notes, access to gender privileges is not evenly distributed among men. Differences in power allow some men to become more hegemonic and others to become subordinate. Given the high unemployment rate and the economic recession in South Korea, Korean men face the pressure of remaining marketable and employable. After the Asian financial crisis in 1997, the form of Korean hegemonic masculinity as *salarymen* was disrupted by neoliberal labor reforms, which have introduced a more precarious and flexible employment system that can be perceived as potentially unmanly, exhibiting the failure of subordinate types of masculinity to achieve hegemonic status (i.e., full-time positions).

When the financial crisis in 1997 destabilized gender arrangements among Korean workers, Korean men faced a masculinity crisis that demanded modification of their masculine practices and identities in their effort to restore public and domestic patriarchy (Kim & Pyke, 2015). Men created a new type of masculinity that defined themselves in

opposition to the hegemony of the *salarymen*. Accordingly, ‘knowledge’ of male employees embodies the qualities of risk, full-time employment, security, and cultural competence associated with masculinity. This position is predicated on the silence around part-time work (marginalized masculinity) and a desire for security. In this way, a hierarchical arrangement between what is said and unsaid established in CSR reports reinforces the order maintained by hegemonic masculinity. As Connell (1995) argues, CSR texts privilege both traditional and hierarchical assessments of masculinity and femininity. As Korean men are perpetually and competitively driven to achieve full-time jobs and higher managerial positions to secure their status as men, disclosing the gender pay gap and part-time employment data designed to reduce gender inequality has the opposite effect.

Gender inequality is expressed in hegemonic discourses that construct gender in ways that reemphasize and normalize the domination of men over women and privilege full-time over part-time employed men. Korean women’s voices and issues are silenced, as dominant forms of masculine power deny the gender inequality that could be disruptive to existing gendered power relations. Thus, suppressed gender issues, such as the gender pay gap and contract positions, are often hidden in reports and thus harder to detect and combat and more difficult to study (Martin, 1990). Furthermore, the relational construction of dominant and subordinate types of masculinity has different implications for power dynamics. As I revealed, the hierarchies of employment types provide additional layers of complication; they form the structural context in which gender is enacted in everyday life, thereby fragmenting gender into multiple forms of masculinity and femininity. For example, full-time employed men help produce a hegemonic masculinity that is glorified in Korean culture. By contrast, the masculinity produced predominantly by irregular labor



is subordinated, which creates a hierarchical system of masculinity. Irregular male employees are more likely to produce hypermasculine practices that compete with women to compensate for their demeaned status. This, in turn, increases the uncontested privilege of full-time employed men, perpetuating their status of hegemonic masculinity.

#### 7.4. Conclusion

I investigated the status of current gender inequality at the workplace through publicly reported data on corporate social responsibility. The findings confirm that Adams & Harte (1998) assertion that CSR reporting is an opportunity for firms to tell their story, instead of explaining the gender equality policy. This chapter seeks to make a number of contributions to a discursive understanding of private governance and gender. First, it reveals the limitation of private governance and gender studies that attend only to women by exploring the way discourses are enacted through the women's marginalization as well as their experiences in the workplace. A way forward to understand gender relations and inequalities in CSR is to focus on men and the construction of masculinity types in CSR. Second, this study offers an empirically grounded contribution to the literature on masculinity and employment by examining CSR reports from MNEs in an emerging country. It does so by exploring different articulations of non-Western hegemonic masculinity as expressed through CSR texts. Third, this study sheds light on deeply rooted gendered assumptions and practices in a North-East Asian context. As gender meanings are always culturally constructed, we cannot take universally male and female subjects without the local references and its consequences.

In recent years, private governance in the forms of CSR has gained impetus in Korea industry, providing an important new area of social governance. This chapter suggests that CSR reports might provide a vehicle for improving gender equality. The findings can be of value to policy makers who are also interested in policy instruments to promote gender diversity in the workplace. Public policies that aim to achieve the key goal of advancing women in the labor market have inspired Korean policy makers to focus on policy instruments at the macro level, such as parental leave legislation and public investment in daycare facilities. The findings from this thesis suggest that policy makers should focus on employment practices at the firm level and pay attention to the potentially important role of CSR in limiting gender diversity in the workplace.

If the current practice of CSR on gender equality continues, I am pessimistic about the possibility of achieving fundamental change in gender equality through CSR reporting. Although most of the companies I examined affirm their commitment to gender equality through corporate vision and value statements, many companies have done little to improve women's position in the workforce, particularly at the managerial level. In other words, to date, CSR reports in South Korean Chaebols have failed to solve the problem of gender inequality meaningfully. If the Chaebols are to flourish as national and international economic players, they must recognize the need to address gender inequality explicitly and to better utilize women's labor force by reducing structural gender discrimination.

Despite the emerging corporate power, the challenges to corporate leadership in this area are numerous. Even if the Chaebols promise to provide more financial resources and training for their female employees, these programs will have limited success if these

companies do not address the masculinist attitude toward women in the South Korean workforce. As stated previously, gender inequality is the result of structural discrimination that reinforces masculine privilege in corporations and other institutions. Solutions to this gendered imbalance, in South Korea and elsewhere, will require cooperation between women and men, encouraged by governments, corporations, and the broader society. CSR reports could be an important component of this movement, but they would need to take gender inequality in the workplace seriously and endeavor to challenge existing gender hierarchies that privilege full-time male workers over part-time men and all women in the workforce.

## CHAPTER 8: CONCLUSION

### 8.1. Summary of Research

This dissertation contributes to debates and knowledge on global private governance in the non-Western context of South Korea, by offering a novel analysis of the comparative ISO standards in environment and labor. The empirical evidence obtained from the fieldwork is also appropriate for illustrating the changing roles of the government, corporations, NGOs and labor unions, and their hegemonic struggles in the development of private environmental and labor governance in South Korea's transition from a developmental state to a neo-liberal market. Due to the particular historical, political and economic trajectories, thus, the hegemonic alliances and bargaining processes among the state, business, and civil society over Korea's environmental and labor regime also present many unique features. Consequently, the dissertation contributes to addressing a major gap in private governance and global governance in a non-western context, providing a more advanced understanding of the extent to which domestic political structures, state/society relations, and patterns of political and economic development accommodate the involvement of local actors in private governance initiatives and global governance discourses. Using two case studies, ISO 14001 and ISO 26000 to analyze the unevenness of adoption, this dissertation revealed that the participation patterns represented by actors in these two cases present markedly different characteristics – namely, the cohesiveness

and top-down approach of ISO 14001, and the inclusiveness and fragmentation in the case of ISO 26000 labor.

Furthermore, the gender issues in ISO 26000 are almost invisible. Drawing on the men and masculinity scholarship, I have investigated the gendered dimension of private governance which is evident regarding the CSR reports as a form of private governance; because the private governance by definition have a gendered, construction of private governance is not immune to being structured by hierarchical relations between men and women. In this context, I explore the status of current gender inequality through publicly reported data on the CSR of local MNEs (Chaebols) in the South Korean workplace. The findings have theoretical, empirical and practical implications. Theoretically, we have broadened the private governance and gender debate by highlighting the limitations of private governance and gender studies that focus only on women by exploring the way discourses are enacted through women's marginalization as well as their experiences in the workplace. The way forward for understanding gender relations and inequalities in private governance is to also focus on men and the construction of masculinities in private governance. This chapter concludes this study by compiling a number of findings in two sections that discuss the empirical and theoretical contributions. It is the purpose of this final chapter to summarize and discuss the main findings of this study and to place them in the context of the literature on global private governance. Furthermore, this dissertation's contributions to the study of value regime and the specialized literature on East Asian context are briefly discussed.

## 8.2. Empirical and Theoretical Implications

The starting point of this study was the observation that the diffusion of the global private governance has led to variation in a key dimension of the fragmentation of methodology, empirical and theoretical perspectives. It shows that much of the existing literature focuses on the diffusion and emergence of private governance in specific issues, e.g. the forestry and apparel industries (Bartley, 2010; McCarthy, 2015). More recently, scholars have turned their attention to the question of the institutional isomorphism or convergence within the same sectors (Fransen, 2011; Schleifer, 2014). On the other hand, the actual fragmentation of private governance issues has received considerably less attention. To address this gap, this study advances our understanding of global private governance's diffusion in this area, both theoretically and empirically. With regard to theory, discussed in Chapter 2, this dissertation developed an analytical framework and methodological approach to trace the process of diffusion and to explain variation in private governance issues.

In order to explain this variation, Chapter 2 developed an analytical framework which distinguishes three stages of a value regime in the development process: economic, normative and governance. This dissertation compares ISO 14001 and ISO 26000 labor within the specific domestic political structures and traditions that facilitate or prevent the local adoption of global private governance. Based on an in-depth case study on ISOs, the research collected primary data from semi-structured interviews with local government, NGOs, CSR managers and labor unions, as well as secondary data from documentaries and CSR reports. Using a three-dimensional analysis of the value regime, this research carried

out the illustration of the differing discourses of environment and labor governance in the two different periods, from the developmental led economy (between the 1950s and the 1990s) to the current market-oriented economy (after the 1990s). Any claim about the validity of one element in explaining one aspect of the ISO standard in one sector can be countered by pointing out a rival claim from another perspective on a similar claim in a different sector. Thus, it wouldn't be possible to clearly specify under which conditions a particular perspective would be salient in explaining a given element of ISOs in some sector. Rather, each perspective reflects a different kind of actor's interests and preferences. In this sense, the value regime theory presents complementary perspectives. Furthermore, the various dimensions of economic, normative and governance in the context of a particular sector providing one's best interest – whether narrowly economic or broadly political – would be informed by sector-specific contingencies and experiences, as well as by experiences from other sectors.

This research carried out a timeline analysis to illustrate the different discourses of environment and labor governance in the different periods of South Korea's development, from the developmental led economy (between the 1950s and the 1990s) to the current market-oriented economy (after the 1990s). This timeline analysis allows us to trace the changing discourses and style of private governance, particularly the changing hegemonic positions of the state, business and civil society in the development of environmental and labor governance of Korea. Before the IMF crisis, the state achieved intellectual and moral hegemony by way of highly prescriptive commands. Under the authoritarian system, the government-controlled political rule and economic activities, and dominate the entire economic structure, while the chaebols functioned as the alliance to fulfill government

orders. During this period, economic growth took priority over the environment and labor rights.

However, moving to the current market-oriented economy due to the IMF financial crisis, the government's role has changed from that of regulator to supervisor by decentralizing management power to private actors, namely Chaebols and NGOs. As a result of the neo-liberal restructuring, the Chaebols regained strength and continued to grow. Nevertheless, the state maintained the developmental state model in pursuing the private governance regime. By means of the three-dimensional analysis of value regime, the examination of adoption revealed that pressures can vary across private governance issues. Where the government's coercive pressure is strong, the governance style is to be more participatory, as in their authoritarian and top-down approach to ISO 14001. On the other hand, weak coercive pressures have been found to give rise to the less participatory, horizontal approach of ISO 26000.

In democratic theory, the deliberative ideal describes that all those affected by a rule should be given the opportunity to participate in the rule-making process and inclusiveness is considered one of the core procedural requirements. ISO 2600 attempts to approximate this ideal through the multiple-stakeholder structure of its decision-making and standard setting arrangement. Although ISO 26000 provides a meaningful platform of deliberation, however, not surprisingly, the national level has been found to fall far short of the deliberative ideal. For example, in the dissertation, the deliberative capacity of local actors is limited to government and Chaebol, while workers at manufacturing sites are often excluded from these arrangements. In a similar vein, considering ISO 26000 in the gender



sector, female worker's issues are almost invisible. Against this background, this study makes an important explanatory contribution to the literature on private governance. It describes the diffusion of private participatory governance in the national economy and maps the variation in the level of fragmentation across sectors issues. Examining the diffusion of the ISO standards, environment, and labor, the study showed how domestic political pressures have influenced the ways in which they have been transmitted and adopted.

Considering the role of the government in greater depth in chapter 6, the findings of this dissertation show that the model of private participatory governance is far from what is described in the literatures. There are normative and coercive government pressures that influence the way in which the private governance model is received and implemented. In the cases studied, differences in the strength of coercive environmental pressure caused the effectiveness and cohesiveness of ISO 14001. In this regard, an environment characterized by strong coercive pressures and the adoption of a more top-down approach served the government as a strategy to gain political authority. The low conflict of ISO 14001 allowed the government to go through with their narrower and more instrumentalist approach to adopting ISO 14001. As a voluntarist approach to private labor standards is designed to operate within a neo-liberal model of an economic system, corporations and government prefer flexible employment practices, which increased the vulnerability of temporary workers in the Korean context.

In chapter 7, we saw that government policies have increasingly recognized the contribution of women workforce to state's economic development projects and agenda.

The current Park administration initially had very ambitious plans to support women's welfare including free childcare. Despite the great education achievement among female workers, the pervasive gender pay gap in South Korea is problematic for policy makers. Narrowing the gender gap is the top priority for Korean policy makers. The current gender gap policy in labor market is partly motivated by Korea's rapid aging population, which has resulted in a shrinking labor force. Stimulating women's participation in the workforce will combat the economic stagnation and demographic challenges. National labor market policies are urgently needed to enhance the insecurity of female irregular workers. However, labor policies are largely designed to satisfy employer's needs for a more flexible labor force while undermining social protections. Labor union and civil society emphasize the role of the Korean government and corporate responsibility. They demand companies be aware of the crucial importance of female irregular worker's insecurity in the current situation. In general, ISO 26000 failed to address the issues and problems faced by Korean women workers in some of the most marginalized forms of employment in the global economy. While other OECD countries practice the labor flexibility with an eye toward protecting the rights of irregular workers through law, Korea government allow firms to abuse the lax labor laws to hire temporary workers to save labor cost.

As gender hierarchy is imbedded into Chaebols, the voluntary approach to labor standards is not an adequate tool for dealing with gender inequality. The business practices, which recognize and reward committed, hard-working employees who seek aggressively to advance their own and the company's goals, seem gender-neutral, even honorable, on the surface. However, a closer look at their gendered nature reveals an implicit gender bias that reflects and maintains women's relative disadvantage in corporate South Korea.

Therefore, it is not surprising that the discourse on private governance and gender has not only reflected the experiences of males who produce the knowledge about private governance and gender. The discourse itself has also reinforced gender hierarchies that privilege masculinity over femininity and existing societal bias on gender inequality. Therefore, private labor standards will reinforce or exacerbate gender inequality in the liberal labor market.

The neo-Gramscian studies in private governance mainly emphasize non-state power in the Western context. These studies neglect or dismiss the role of the state (Bo, 2016). Bo (2016) points out that most current Gramscian studies on private environmental governance are conducted in the context of neo-liberalism with an emphasis on corporate political power and NGO's counter-hegemonic power (Levy & Egan, 2003; Levy & Newell, 2005; Levy et al., 2015) while neglecting the role of the state in contemporary alliance building. However, (Bo, 2016) emphasize the role of the state still matters in the most neo-liberal countries to maintain the cohesion of social organizations. Similarly, based on a neo-Gramscian perspective on Korea's environment and labor governance, this research shows that the government's role remains significant in constructing the private governance regime at the national level. Thus, by extending the neo-Gramscian framework to Korea's unique developmental state into the private governance regime, this dissertation examines the changing discourse of environment and labor. Thus, the hegemonic coalitions and bargaining process among the state, Chaebol, and civil society over Korea's private environmental and labor regime also illustrates many unique features. Regarding of the gendered dimension of private governance, I discuss women and men as gendered employees, especially in relation to men's power compared to women's. Furthermore, the

contribution of the Korean case to studies of men and masculinity is considerable. Focusing on cultural processes, I investigate how different masculinities are constructed in a male-dominated work organization in the national business group, which is undergoing neoliberal labor restructuring. As gender meanings are always culturally constructed, I cannot discuss universally male and female subjects without local references and their consequences. Men and masculinity scholarship provides an important foundation for understanding the gender discrimination and biases that have been inherent in the private labor standards regime, as it tends to protect full-time employees, who are predominantly male in Korea. Private labor standards do not recognize the specific insecurities that Korean women workers face, and it may have the effect of benefitting male workers more, which further reinforces gender inequality (Elias, 2008). Empirically, as theory is mostly produced in the global North and tested in the global South, the global South normally produces data (Roberts & Connell, 2016). Rather than emphasizing the division between North and South, this dissertation represents an initial step toward greater dialogue between Northern and Southern private governance and gender scholars by critically unpacking the Northern dominance of discourse on private governance and gender and approaching a discussion of gender that prioritizes the global South. Instead of treating the global South as if it represented a distinct set of knowledge or an alternative paradigm in opposition to hegemonic Northern concepts, this study explores the different knowledge practices that can be advanced from Southern perspectives, such as the great importance of history and culture.

### 8.3. Conclusion

In sum, this dissertation makes an important theoretical contribution the literature on private governance. It develops an analytical framework that distinguishes three stages in the value regimes in the diffusion process: economic, normative and governance. Each of these stages creates a cause-and-effect relationship that makes diffusion outcomes vary. In this way, the dissertation offers a framework for studying processes of global private governance diffusion comparatively, a framework which is applicable beyond its specific empirical context. Secondly, the dissertation contributes to the nascent research on the interaction between domestic institutions and global private governance and on the role of the state in politics more broadly. Besides its contribution to the literature on global private governance, this study improves the understanding of the relationship between domestic factors and private governance. Thirdly, this dissertation argues that this framework is sufficiently robust to apply to other types of private governance, and other national settings. Moving beyond a linear model of cause-effect and the conventional distinction of North/South, the value regime, drawing on the Gramscian theory, it allows us to better engage with the implications of complexity and multiple actors.

## APPENDIX

### APPENDIX 1: GUIDED QUESTIONS OF INTERVIEWS

The interview guide provides the major questions in the semi-structured interviews with the government officers from the government related agencies and officials, CSR corporate managers and the different NGOs.

### 1.1. English Version



Global Private Standards / Regulation Interview questions on  
Korean localization of labor and environmental standards

name:

Organization:

title:

Contact:

#### 1. General

- What is your title to this agency?

#### 2. Agency Activities

- When was your first year established?
- What is the organization's mission or vision?
- What was the first time this institution or department was founded and what were the considerations? (E.g. cost, relevance, agency vision)
- What are the main activities of the organization in relation to international autonomous labor and environmental norms?
- What are the difficulties in implementing the international autonomous environment and labor norms?
- In the past, when you have complied with the government's environmental labor laws, why are you motivated or motivated to comply with voluntary international norms such as ISO or UN Global Compact?
- What role does the government play in terms of internationally autonomous environmental labor standards? (E.g., presenting, executing, monitoring or evaluating)
- Please list the norms that your company currently participates in in the field of international CSR work environment. (For example: ISO 14001, SA 8000, GRI, UN Global Compact)
- Several global CSR environments Which of the norms of the labor sector are most directly linked to your organization?
- Global CSR environment What motivates you to participate in the labor standards? (Eg, ineffective regulation by the government, pressure from non-governmental organizations, profit from the company, brand management, government pressure or solicitation,

competitive pressures or differentiation, minimization of government regulation or punishment costs,

- Global CSR Environment What are the difficulties in localizing labor standards? (Cost, ambiguous guidelines, insufficient assistance)
- Global CSR Environment What are the benefits of participating in labor standards?
- International CSR environment (eg ISO 14000) • Labor (eg ISO 26000) norm How does the government or your organization respond differently to these two areas?
- What kind of support do you receive from government in the process of complying with international norms?
- Do you think the international autonomous environmental labor standards can replace government laws?
- How do you maintain relationships with other stakeholders (non-governmental organizations, government agencies, etc.) in the process of complying with international norms? (Eg partnerships or equal relationships) What are their roles?
- What are the specific issues of the Korean context in the process of adhering to the international self-regulatory standards?

### 3. Global Autonomous Labor Standards (ISO 26000)

- Do you think that the global autonomous labor codes actually help protect workers' human rights? Please give an example.
- Please indicate activities related to the field of global autonomous labor standards.
- What are the difficulties in implementing the Global Autonomous Labor Code?
- What is the reason for participating in the Global Autonomous Labor Code?

### 4. Global Autonomous Labor Standards (ISO 14001)

- Do you think that the Global Autonomous Environmental Code actually helps protect the human rights of workers? Please give an example.
- Please indicate activities related to the field of global autonomous environmental norms.
- What are the difficulties in implementing the Global Autonomous Environment Code?
- Why are you participating in the Global Autonomous Environmental Code?

### 5. Other questions

- Are the goals and trends of this international autonomous labor / environmental norms sector for the next 5-10 years in the future a no business?
- I would be grateful if you could give me any other references.



## 1.2. Korean Version



### 글로벌 자율적( Global Private Standards/Regulation) 노동, 환경 규범의 한국 로컬화에 관한 인터뷰 질문

이름:

기관명:

직함:

연락처:

#### 1. 일반사항

- 이 기관에 당신의 직함은 무엇입니까?

#### 2. 기관의 활동

- 처음 설립하게된 년도는 언제 입니까?
- 기관의 미션 또는 비전은 무엇입니까?
- 처음 이 기관 또는부서가 창립하게된 계기는 무엇이고 고려한 사항들은 무엇입니까?(예: 비용, 합당성, 기관의 비전)
- 국제 자율적 노동, 환경 규범에 관련하여 기관의 주된 활동은 무엇입니까?
- 국제 자율적 환경, 노동 규범을 실행함으로써 어려운점은 무엇입니까?
- 과거에는 정부의 환경 노동법을 준수하였지만 왜 ISO 또는 유엔 글로벌 컴팩등 자발적인 국제 규범을 준수하게 되는 계기 또는 동기는 무엇입니까?
- 국제 자율적 환경 노동 규범에 대하여 정부는 어떤 역할을 하고 있습니까?  
( 예: 비전 제시, 실행, 모니터링 또는 평가)
- 당신의 회사가 현재 국제 CSR 노동 환경 분야의 참여하고 있는 규범들을 나열해 주십시오. ( 예를 들어: ISO 14001, SA 8000, GRI, UN Global Compact)
- 여러글로벌 CSR 환경 노동 분야의 규범들중 당신의 기관에 가장 직접적으로 연결되는 분야는 무엇입니까?
- 글로벌 CSR 환경 노동 분야의 규범들을 참여하는 동기는 무엇입니까?(예: 정부의 효율적이지 못한 규제, 비정부 단체의 압력, 회사의 이윤, 브랜드 관리, 정부의 압력 또는 권유, 경쟁 회사의 압력또는 차별화, 정부의 규제또는 처벌 비용의 최소화, 미디어의 압력 )

- 글로벌 CSR 환경 노동 분야의 규범들을 로컬화 하는데의 어려움은 무엇입니까? (비용, 애매모호한 가이드라인, 부족한 보조)
- 글로벌 CSR 환경 노동 분야의 규범들을 참여함으로써의 이점은 무엇입니까?
- 국제 CSR 환경 (예: ISO 14000) 노동 (예: ISO 26000) 규범 이 두분야에 대해서 정부 또는 당신의 기관은 어떤식으로 다르게 대응을 합니까?
- 국제 규범을 준수하는 과정에 정부의 어떤 지원을 받고 있습니까?
- 국제 자율 환경 노동 규범들이 정부의 법을 대체할수 있다고 봅니까?
- 국제 자율적 규범을 준수하는 과정에서 다른 Stakeholders (비정부 단체, 정부 기관 등)과 어떤 관계를 유지하고 있습니까? (예: 협력 관계 또는 대등한 관계) 그들의 역할은 무엇입니까?
- 국제 자율 규범을 준수하는 과정에서 특별하게 한국 맥락의 이슈들이 무엇입니까?

### 3. 글로벌 자율 노동 규범 (ISO 26000) 분야

- 글로벌 자율 노동 규범들이 실제로 노동자들의 인권 보호에 도움이 된다고 생각하십니까? 예를 제시해 주십시오.
- 글로벌 자율 노동 규범 분야에 관련된 활동을 제시해 주십시오.
- 글로벌 자율 노동 규범 실행시 어려운 점은 무엇입니까?
- 글로벌 자율 노동 규범의 참여의 이유는?

### 4. 글로벌 자율 환경 규범 (ISO 14001) 분야

- 글로벌 자율 환경 규범들이 실제로 노동자들의 인권 보호에 도움이 된다고 생각하십니까? 예를 제시해 주십시오.
- 글로벌 자율 환경 규범 분야에 관련된 활동을 제시해 주십시오.
- 글로벌 자율 환경 규범 실행시 어려운 점은 무엇입니까?
- 글로벌 자율 환경 규범의 참여의 이유는?

### 5. 그외의 질문

- 향후 앞으로 5-10 년의 이 국제 자율 노동 /환경 규범 분야의 기관의 목표와 트렌드는 무엇입니까?
- 그외에 제가 참고할수 있는 사항을 알려주시면 감사하겠습니다.

## APPENDIX 2: WOMEN'S EMPOWERMENT PRINCIPALS (WEP)

The Women's Empowerment Principles were launched at a high-profile event on International Women's Day in March 2010 as a result of a collaboration between the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact to offer the principles for business offering guidance on how to empower women in the workplace, marketplace and community.

Principle 1: Establish high-level corporate leadership for gender equality

Principle 2: Treat all women and men fairly at work—respect and support human rights and nondiscrimination

Principle 3: Ensure the health, safety and well-being of all women and men workers

Principle 4: Promote education, training and professional development for women

Principle 5: Implement enterprise development, supply chain and marketing practices that empower women

Principle 6: Promote equality through community initiatives and advocacy

Principle 7: Measure and publicly report on progress to achieve gender equality

## APPENDIX 3: GENDER DISCLOSURES TABLES

### 3.1. WEPs Principle 1 – Leadership Promotes Gender Equality

GRI performance Indicators	N	%
G4-38 a. Report the composition of the highest governance body and its committees by: Executive or non-executive, independence, Tenure on the governance body, Number of each individual's other significant positions and commitments, and the nature of the commitments, gender,	11 (3) not by the gender	73
G4-40 a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:  Whether and how diversity is considered  Whether and how expertise and experience relating to economic, environmental and social topics are considered  Whether and how stakeholders are involved	7 not by the gender	46

### 3.2. WEPs Principle 2 – Equal Opportunity, Inclusion & Non discrimination

GRI performance Indicators	N	%
G4-LA1 Total number and rate of new employee hires and employee turnover by age group, gender, and region	13	86
G4-LA12. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	12	80
G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	2 (But they didn't disclose by gender)	13
G4-EC5 Ratios of standard entry level wage by gender to local minimum wage at significant locations of operations	0	0
G4-LA3 Return to work and retention rates after parental leave, by gender.	11	73

### 3.3. WEPs Principle 3 – Health, Safety and Freedom from Violence

GRI performance Indicators	N	%
G4-HR3: Total number of incidents of discrimination and corrective actions taken.	7 (not by the gender)	46
G4-LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	6 (not by the gender)	40

### 3.4. WEPs Principle 4 – Education and Training

GRI performance Indicators	N	%
G4-LA9: Average hours of training per year per employee by gender, and by employee category.	0	0
G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and employee category.	6 (not by the gender)	40%

## APPENDIX 4: INFORMATION ON CSR

### 4.1 Modes of reporting

	% companies using this mode	% of which reported gender equality by this mode
CSR report	100	100
Website	100	100

### 4.2 Mode of Guidelines and Third Party Assurance

	%
companies	
GRI G4 Guidelines	100
Third Party Assurance	100



#### 4.3 Example of Gender/ Work and Life Balance

Examples of Reporting of Gender/ Work and Life Balance
<ul style="list-style-type: none"><li>• Minimize the career discontinuity of female employees after childbirth, which has resulted in a higher rate of re- turning to work after maternity leave for our employees. R</li><li>• Run many programs for a healthy work-family balance, such as leaves for fertility treatment, extended parental leaves, and the expansion and establishment of daycare centers.</li><li>• hired workers under the Flexible Work Hour System to promote employees' work-life balance.</li><li>• implementing various systems and education to help female employees display and develop their capabilities and promote work-life balance.</li><li>• include flexible working hours, which enable employees to adjust their own working hours depending on individual situations; remote working/working from home; and mobile offices that enable company work on a smartphone.</li><li>• To realize a happy work place, operates family day, a day when employees are encouraged to leave the office on time without overtime work, providing books on childcare to female employees who expect to give birth.</li></ul>

#### 4.4 Examples of Equal Pay Report

Examples of Details Relating to Equal Pay Reported
<ul style="list-style-type: none"><li>• Practices no gender bias in the payment of basic salaries and maintains transparency in its performance reward system. We also operate transparent evaluation and performance-based reward systems to ensure fair evaluations and rational compensations.</li><li>• Apply the same salary standards to both male and female employees.</li><li>• There is no salary gap between male and female employees, and all employees are evaluated based on their achievement against individual and group performance targets for the calendar year, and rewarded accordingly.</li><li>• Inspires employees to work harder with reasonable compensation in accordance with fair assessment and fosters a sound corporate culture.</li><li>• Evaluates and compensates individuals based on their competencies and performance.</li></ul>

#### 4.5 Examples of Training

Examples of Details Relating to Training
<ul style="list-style-type: none"><li>• Programs to develop competent female managers to develop female employees as leaders and specialists. We provide the preliminary manager course and the leadership development course to enhance essential competencies of female leadership.</li><li>• Various education programs have been enforced to nurture future female leaders since 2011. In 2011, the Female Leader Networking Program beefed up a network among female leaders and laid the foundation for female leadership education</li></ul>

## APPENDIX 5: LIST OF INTERVIEWEES

### Personal Interviews by the Author

#### 5.1. NGO/Business Association

	Title (Sex)	Labor/Environment/ Both Sector	Date
1	Director (M) Researcher (F) Manager(F)	Labor	7/8/3pm/2015
2	Manager(M)	Both	7/8/2015
3	Manager (F)	Both	7/16/2015
4	Director (M)	Labor	7/18/2015
5	Marketing Director (M)	Both	4/20/2016

## 5.2. Government

	Title (Sex)	Labor/Environment/ Both CSR	Date
1	Manager (M)	Both	7/ 8/7:30pm/201 5
2	Manager (F) Director (F)	Both	7/9/4pm /2015
3	Manager (M)	Both	7/7/ 7pm/2015
4	Manager (M)	Labor (Gender)	2/4/2017

### 5.3. Company

	Title (Sex)	Labor/Environment/ Both	Date
1	Manager (M)	Both	6/30/15/2pm/ 2015
2	Manager (F)	Both	7/7/2pm/2015
3	Manager (M)	Both	7/10/10am/20 15
4	Director (M)	Both	7/15/10am/20 15
5	Manager(M)	Both	7/2015
6	Manager (M)	Both	7/2015

#### 5.4. Academic/Research Think Tank

	Title (Sex)	Labor/Environment /Both	Date
1	Professor (M) Researcher (M)	Labor	7/2/2015
2	Researcher (M)	CSR	7/3/ 2015
3	Professor (M)	CSR	7/3/ 2015
4	Director (M)	CSR	7/3/ 2015

## APPENDIX 6: CONSENT FORM

### 6.1. English Version



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University of Massachusetts Boston  
Department of Global Governance and Human Security  
100 Morrissey Boulevard  
Boston, MA. 02125-3393

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Consent Form for the emergence of global Corporate Social Responsibility standards in the areas of environment and labor in the context of South Korea.

#### Introduction and Contact Information

*You are asked to take part in a research project that the emergence of global Corporate Social Responsibility standards in the context of South Korea. The researcher is Jinyoung Kang and a PhD candidate at department of Global Governance and Human Security at University of Massachusetts-Boston. Please read this form and feel free to ask questions. If you have further questions later, Jinyoung Kang, will discuss them with you. Her telephone number is 917-445-8109. The faculty advisor is Professor Craig Murphy and his phone number is 617-287-7489.*

#### Description of the Project:

*This study explores the perception of global CSR standards in environment and labor areas. I am asking you to participate because your extensive working experience in the field of CSR. If you agree to be part of the research study, you will be asked to participate in one face-to-face interview at the location of your choice. The interview should take about one hour. I would like to audiotape the interview to make sure that our conversation is recorded accurately. You may still participate in the research even if you decide not to be taped. If you decide to participate in this study, you will be asked to answer guided interview questions.*

#### Benefits:

*While you may not receive a direct benefit from participation in this research, some people find sharing their experience in the CSR field to be a valuable experience. I hope that this study will contribute to understand the value of adopting global CSR standards in the context of South Korea.*

#### Risks of Discomforts:

*The primary risk associated with this study is the emergence of negative or distressful feelings in completing the research materials. You may speak with Jinyoung Kang to discuss any distress or other issues related to study participation. Another risk is the*



*potential risk of a breach of confidentiality. This is very unlikely to happen, and we will do everything we can to make sure that your information is protected.*

**Confidentiality:**

*Your part in this research is confidential. That is, the information gathered for this project will not be published or presented in a way that would allow anyone to identify you. Information gathered for this project will be stored in a locked file cabinet and only I will have access to the data.*

**Voluntary Participation:**

*The decision whether or not to take part in this research study is voluntary. If you do decide to take part in this study, you may terminate participation at any time without consequence. If you wish to terminate participation, you should contact Jinyoung at the number below. Whatever you decide will in no way penalize you.*

**Rights:**

*You have the right to ask questions about this research before you sign this form and at any time during the study. You can reach Jinyoung Kang, PhD candidate, University of Massachusetts, Department of Global Governance and Human Security, +1-917-445-8109, jinyoung.kang001@umb.edu.*

*If you have any questions or concerns about your rights as a research participant, please contact a representative of the Institutional Review Board (IRB), at the University of Massachusetts, Boston, which oversees research involving human participants. The Institutional Review Board may be reached at the following address: IRB, Quinn Administration Building-2-080, University of Massachusetts Boston, 100 Morrissey Boulevard, Boston, MA 02125-3393. You can also contact the Board by telephone or e-mail at (617) 287-5374 or at human.subjects@umb.edu.*

***I HAVE READ THE CONSENT FORM. MY QUESTIONS HAVE BEEN ANSWERED. MY SIGNATURE ON THIS FORM MEANS THAT I CONSENT TO PARTICIPATE IN THIS STUDY. I ALSO CERTIFY THAT I AM 18 YEARS OF AGE OR OLDER.***

_____	_____		
Signature of Participant	Date	Signature	of
Researcher			

_____	_____		
Printed Name of Participant	Date	Typed/Printed	Name of
Researcher			

## 6.2. Korean Version.



### 연구 참가 동의서

연구 제목: 국제 CSR 의 노동, 환경규범의 한국화

연구자 이름: 강진영

연구 기관: 매사추세츠 주립대학교 -보스톤 정치외교학과 (글로벌 거버넌스)

귀하를 설문조사 연구단원으로 초청합니다.

나는 이 연구 프로젝트의 목적이 국제 CSR 의 노동, 환경규범의 한국화 학술 논문을 위한것임을 이해합니다. 나의 이 연구 참여는 짧은 인터뷰 또는 대화를 하는것으로 되어 있습니다. 나는 이 인터뷰가 녹음되며 복사되는 것을 알고 있습니다. 내가 이 연구에 참여하는 것의 잠재적인 혜택은 CSR 과 국제 노동 환경 규범의 한 대한 지식을 향상시켜주고 그들의 이해를 깊게해 주는 것을 돕는 것입니다. 귀하의 편한 시간대를 알려주시면 감사하겠습니다.

나는 내가 이 연구에 참여 중단을 선택할 경우 언제라도 이 연구에서 철회할 수 있음을 이해하며 다음과 같은 조건에 동의 합니다.

- 학술 논문에 성과 이름을 사용하지 않음으로써 신원이 보호됩니다.
- 이 프로젝트의 과정 중에 수집되는 자료들은 일부가 여구 보고서 및 학술 연구 발표에 공헌됩니다.
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